CIESCO

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Technology & Media

# 2023 Global M&A Review & 2024 Outlook

Guest Editorials from

Smartology inflexion PRIVATE EQUITY Palantir
MERKLE a dentsu company SERVICEPLAN

In partnership with

SHOOSMITHS PitchBook

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# 01

# Introduction & Outlook

Chris Sahota
Founder & CEO

# Foreword

I am delighted to present the latest edition of Ciesco's Annual Global M&A Review for 2023 and our 2024 Outlook. This review marks our 10th edition, representing a huge milestone for Ciesco and reflecting our deep knowledge of the sector.

Our Review covers the global M&A deal activity throughout 2023 that has shaped the Technology and Media sectors. As always in our Review, we present our Outlook for the sector for the year ahead in 2024. A key feature of our Review each year are the Guest Editorials where we invite leaders from their fields to contribute a piece that is topical for their sector. Not surprisingly this year, Generative AI is a theme that features heavily in these Editorials and across all four Ciesco coverage sectors of Technology, Media, Healthcare and Sustainability.

We entered 2023 with a cautious step as the global economy was clouded by fears of a recession and rising interest rates, due in part to inflationary pressures and the ongoing uncertainty with geopolitical events but also lingering impacts from the COVID-19 pandemic. Macro uncertainty was reflected in M&A deal volumes and valuations, with spreads between bid and ask prices affecting both the public and private markets.

Despite the soft consumer sentiment, challenging market predictability and a tough business environment, 2023 witnessed a cautious but resilient year for M&A activity in the Media and Marketing sectors. Ciesco Market Intelligence monitored 2,068 transactions in the year, marking a 1% decline on the prior year 2022. Total disclosed deal value stood at $43.5bn excluding the three mega deals (deals above $10bn).

The US and UK were the most active markets in 2023 together accounting for 48% of deals versus 56% in 2022. They were followed by France, Japan, Canada, Germany and the Netherlands, and together, these markets made up over 70% of overall deal activity.

In the face of uncertainty, companies equipped with technological capabilities and assets were driving business deals, with the digital services sub-sectors maintaining their attractiveness in terms of deal volume in 2023, a trend we have observed since 2021. The consistent trend underscores the appeal of technology, particularly the integration of advanced tech and data, to investors. Businesses leveraging artificial intelligence, data analytics, and automation are highly valuable, reflecting a broader recognition that technology-driven strategies are crucial for success in rapidly changing markets. The sustained focus on these sectors highlights the enduring importance of tech and data in shaping investment decisions and positioning companies for long-term growth.

Private Equity has remained active, although at reduced levels, utilising alternative financing methods to navigate challenging and more expensive financial markets. In 2023, Ciesco market intelligence recorded 786 PE transactions in the sector, making up 38% of all deals, while in 2022 we recorded 874 (42%). This marks a 10% drop in transactions over 2022 and was a trend that was captured not just in our focus sector, but across all sectors globally; rising interest rates, high inflation and geopolitical turbulence, along with heightened regulatory pressures, ultimately put many deals out of reach. The current estimate of dry powder in 2024 stands at approx. $2.5 trillion, and we anticipate that PE funds will be actively deploying this capital throughout the year.

Our Review has been evolving year-on-year to reflect Ciesco's own growth within the Technology, Healthcare and Sustainability sectors. Last year, we placed a sector spotlight on the two latter sectors to highlight their increasing ubiquity globally within M&A. This year, the Review takes a more granular approach towards those sectors and sub-sectors that fall under our bespoke service offering, and the market intelligence we capture because of that.

The Technology and Software sector saw significantly reduced activity levels in 2023, down 21% from 2022 deal volumes. Some previously announced mega deals in 2022 like Microsoft's acquisition of Activision Blizzard and Broadcom's acquisition of VMware received regulatory approvals and completed, thereby propping up deal value for the year. It was a cautious year for buyouts in the sector and there is plenty of pent-up demand within private equity for the sector.

Whilst 2023 was a year that began with caution and uncertainty, our conversations have progressed through the year with businesses and investors that had delayed their plans for M&A. There was a very significant pivot point after the summer and that engagement heightened significantly in Q4 of 2023. This has continued into the start of 2024, and we have a cautiously optimistic outlook.

Deal pipeline that was on hold in 2023 has matured significantly in Q4 of 2023, and although economic headwinds and the potential for a downturn remain, there are a mix of positive and negative factors to consider. There is market recognition that we have reached the peak of inflation, and this provides confidence for a positive macro-economic outlook. The potential interest rate correction lowering the cost of debt will stimulate consumer and corporate sentiment turning positive.

Private equity funds have record levels of dry powder to deploy and also held off bringing some of their assets to market in 2023. These asset sales are anticipated to be brought to market in 2024. Corporates have significant cash reserves on their balance sheets that need to be put to work. As part of the heightened deal activity, we also expect a rise in Corporate Divestments as business leaders streamline their operations to focus their capital deployment and management time on their core businesses. We also expect to see an increase in Public-to-Private M&A given the dynamic of undeployed capital and undervalued assets on the public markets.

One major theme that we called out in our outlook back in 2022 and 2023 that we see accelerating in 2024 is Generative AI. This has replaced Sustainability as the leading trend and will drive interest in investment and M&A in 2024 as further niche business models make use of the advancing technology.

I trust that you find our Review insightful and informative, whether you are a potential investor, strategic buyer, or a stakeholder shaping your business's future. We welcome the opportunity to discuss any specific areas of interest with you.

*"2023 witnessed a cautious but resilient year for M&A activity in the Media and Marketing sectors"*

*"Generative AI [...] has replaced Sustainability as the leading trend and will drive interest in investment and M&A in 2024"*

# Executive Summary

## Media & Marketing

Media and Marketing sector M&A activity was relatively flat compared to 2022 on both deal volumes and disclosed deal value. It was a year of more mega deals than 2022. Advertising holding networks were significant buyers and private equity completed fewer deals than 2022, reflecting the wider market. 2024 is expected to see an uptick in activity as cash balances and dry powder have been built up.

**Deal Statistics** 2023 witnessed a cautious yet active year for M&A activity in the Media & Marketing sectors. Ciesco market intelligence monitored 2,068 transactions, marking just a 1% decrease from 2022 and an 18% increase from 2021. The total disclosed value of deals in 2023 stood at $43.5bn, excluding three mega deals exceeding $10.0bn. Notably, only 12% of deals disclosed their values.

**Notable Deals** We tracked 14 large transactions in 2023 (above $1bn), surpassing the 11 in 2022 but falling below the 33 in 2021. Three mega deals were announced, including the acquisition of Qualtrics by Silver Lake and CPP Investments for $12.5bn, and WWE for $21bn by Endeavor. Another significant deal was Savvy Games Group's $4.9bn acquisition of Scopely in July, enhancing its global gaming product portfolio.

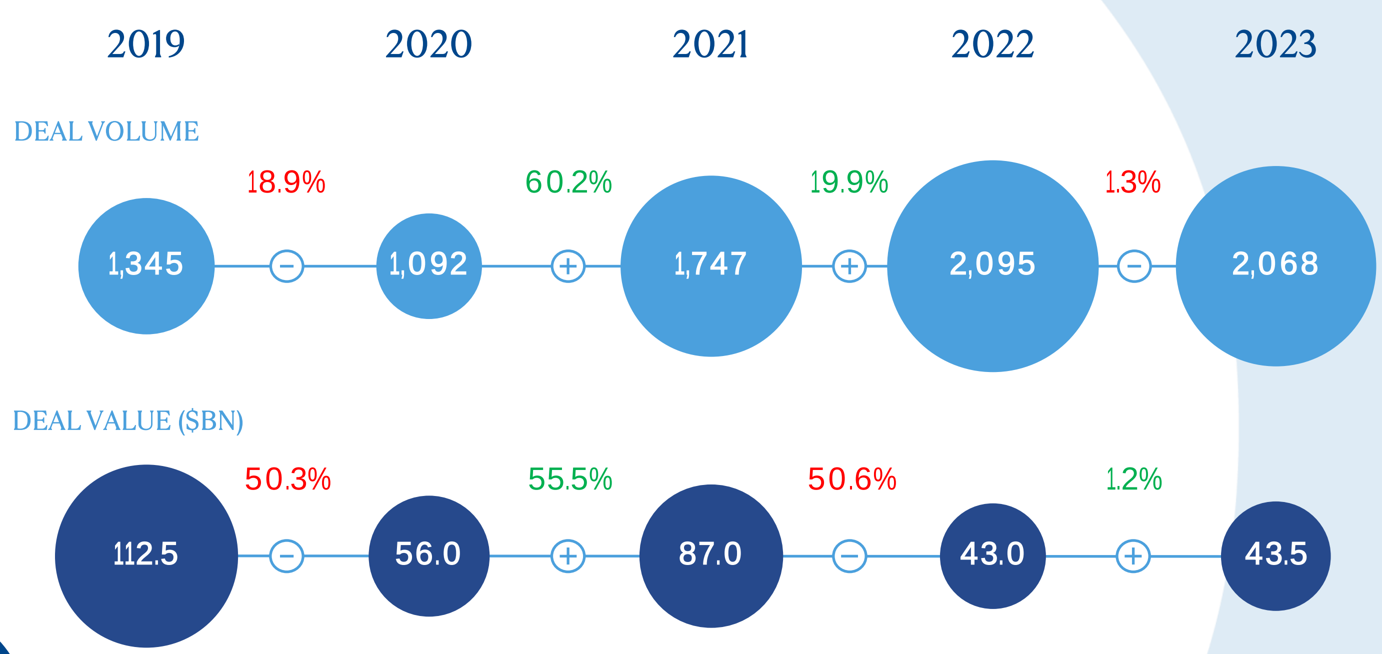
**Buyers** The six largest advertising holding networks completed 37 acquisitions, a 23% increase from 2022. Havas led with 10 acquisitions, followed by Omnicom with 9. Accenture dominated the consultancy category with 7 acquisitions. Stagwell slowed its acquisitions rate by 50%, making 5 buys this year.

**Private Equity** Despite monetary policy tightening, private equity remained active, accounting for 38% of deals in 2023, down from 42% in 2022. Digital services were the most attractive subsectors, with Providence Equity Partners (13), Kohlberg Kravis Roberts (11), and Waterland Private Equity Investments (9) being the most active PE buyers.

**Geographic Overview** The USA and the UK were the most active M&A markets in 2023, comprising 48% of global deal activity. They are followed by France, Japan, Canada, Germany, and the Netherlands; when combined, this represents 71%. Notably, APAC experienced a 38% YoY increase, driven by Japan, which announced 103 deals, a significant rise from 2022.

**Sectors** MarTech, Digital Media, and Digital Agency led in deal volume, representing 43% of 2023 activity. MarTech increased by 3%, Digital Media by 2%, while Digital Agency declined by 15%. The other sectors showing higher deal numbers compared to 2022 were Traditional Media (up 12%), Events & Experiential (up 9%), and PR & Communications (up 73%).

FIGURE 1
DEAL VOLUME AND DISCLOSED DEAL VALUE (EXCLUDING MEGA DEALS), 2019 - 2023



## Technology & Software

The Technology and Software sector was impacted by the broader slowdown in 2023 with disclosed deal values and volumes being in line with pre-pandemic levels. There were some notable mega deals which propped up overall disclosed deal value. We expect 2024 will see more activity as interest rates become more favourable and private equity start deploying the significant dry powder they have.

**Deal Statistics** 2023 saw a subdued year for M&A activity in the Technology & Software sectors. Ciesco market intelligence monitored 7,547 transactions, marking a 21% decrease from 2022 and a 31% decrease from 2021, reflecting the challenging market conditions witnessed over the course of the year. The total disclosed value of deals in 2023 stood at $372bn, excluding 9 mega deals exceeding $10.0bn.

**Notable Deals** Tracked 9 mega transactions in 2023 (deals above $10.0bn), compared with the 11 in 2022 and 8 in 2021. The three largest mega deals that were announced include: Microsoft's controversial acquisition of Activation Blizzard for $68.7bn in October; Broadcom's acquisition of VMware for $69bn in November; and Cisco System's acquisition of Splunk for $28bn in September.

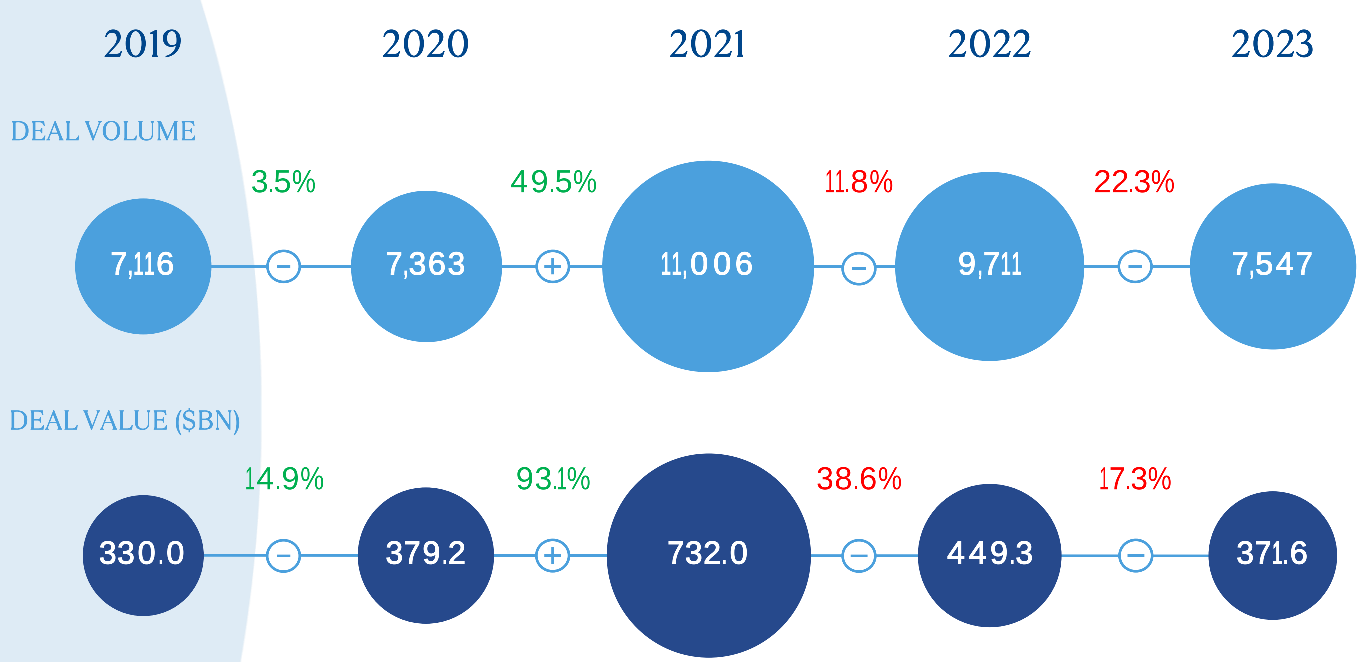
**DevOps** This transformative approach, blending development (Dev) and operations (Ops), has been a beacon of attraction for discerning acquirers seeking to invest in forward-looking enterprises. The largest DevOps deal in 2023 was the take-private acquisition of New Relic by Francisco Partners and TPG for $6.5bn. The most active DevOps buyers in 2023 were Francisco Partners and IBM, both making 3 acquisitions.

**Cybersecurity** From a mere necessity to an indispensable cornerstone of modern business strategy, financial and strategic acquirers recognise the paramount importance of cybersecurity in today's increasingly volatile digital environment. The largest cybersecurity deal in 2023 was Broadcom's take-private acquisition of VMware in November for $69bn. Cisco Systems was by far the most active acquirer in the sector, making 7 acquisitions in total.

**EdTech** Goldman Sachs Asset Management, General Atlantic, and KIRKBI led the largest deal in the space with the $1.7bn take-private acquisition of Kahoot! in July 2023. Paper, a Canadian ESS provider, was the most active strategic acquirer in the space with 3 acquisitions in the US.

**Sustainability** The largest deal in the space was Blackstone's $14bn acquisition of Copeland in May 2023. TotalEnergies was the most active buyer in the sector with 5 acquisitions across different verticals including renewable energy and recycling.

FIGURE 2
DEAL VOLUME AND DISCLOSED DEAL VALUE (EXCLUDING MEGA DEALS), 2019 - 2023



# Ciesco Outlook

## 01

### Anticipated Surge: 2024 Set to Witness Robust M&A Revival

In 2024, we expect a significant increase in M&A activity. After the global deal values peaked at $5.3tn in 2021, the last 2 years saw the lowest deal values since 2014. On the positive side, Private Equity funds have raised significant capital and corporates have built up cash on the balance sheet. Conversations on mergers and buyouts have progressed throughout 2023 and many of these should materialise in 2024. Public-to-private transactions will continue to see investor interest in 2024 as the cost of debt comes down and economic activity picks up with inflation cooling globally. Many companies have been waiting to engage in sale processes and 2024 should see activity lift, driven by this.

## 02

### Prioritising Value Creation Through Strategic Divestments

In 2024, expect a surge in divestment transactions within major corporate networks as they strategically streamline operations. This trend, already observed across corporations like Kantar, Ascential, IPG, and Vivendi, aims to enhance agility and focus on core business units. By divesting non-core assets, companies allocate resources for innovation, R&D, and strategic investments, fostering competitiveness. This shift reflects a broader strategy of pursuing a more nimble and specialised approach, allowing companies to better capitalise on emerging opportunities, respond effectively to market changes, and reinforce the competitiveness of their core business units.

## 03

### AI Integration Sparks Transformative Trends and Industry Disputes

As we step into 2024, we find ourselves at a critical juncture where Digital Twin technology is poised to undergo a remarkable transformation, driven by AI integration. Notably, digital avatars, driven by startups like San Francisco-based Delphi, that leverage an individual's digital footprint (e.g. social media) and combine with AI to create text or voice-based clones with the potential to disrupt multiple industries. Despite its early stages, the rapid advancement of Generative-AI, combined with the cost-effectiveness of digital avatars, has sparked an investment surge. This trend is already impacting the entertainment industry, with the recent major dispute between striking actors and Hollywood studios centred around actors' demand to receive compensation for the use of their AI-generated likenesses.

## 04

### Third-Party Cookies Era End to Disrupt the Digital Marketing Industry

Google is planning to start blocking Third Party Cookies (TPC) at the start of 2024, following its rivals like Apple's Safari who did it in 2020. The comparative delay was driven by Google's work on developing an alternative to TPC as part of its Privacy Sandbox project. A complete phaseout by Google will present very real challenges for advertisers. We expect 2024 to be a year of opportunity for alternative solutions that allow advertisers to seamlessly transition to a cookie-less world. First party data and contextual targeting will become the most important areas of focus in 2024 for brands and companies.

## 05

### Emerging Opportunity for Advertisers in Mid-Market as Retail Media Experiences Growth

In recent years, retail media has experienced significant growth, driven by the proliferation of Retail Media Networks (RMNs) and its recognition as a full-funnel solution. RMNs, via strategic partnerships across various channels, empower brands to link campaigns to in-store sales, measure impact, and understand customer purchasing behavior. While the holding companies target retail giants like Amazon and Walmart, an emerging opportunity arises in the mid-market for advertisers. Smaller retailers embracing partner-owned options are reshaping retail media, with GroupM forecasting substantial growth in Europe and South America, projecting that by 2028, retail media revenue will surpass combined linear TV and CTV revenue, despite slower growth in the US and China.

## 06 AI in 2024 will Require Further Regulation to Enable Businesses to Reap Benefits

After the rush to AI in 2023, 2024 will see more measured approaches. Leading companies know that AI needs high quality data to test commercially relevant hypotheses. Companies that have done the hard work to create clean data will benefit. Second, outsourcers will come under pressure from 'AI-sourcers'. If a task can be done more cheaply (and accurately) by a machine, then it will be. This is a threat to low value data analysis, content creation, and coding, currently being sent abroad. Instead, successful companies will shift to 'on-shore AI', where they understand what's in the black box and add in human review where needed. Combining these trends will let businesses take advantage of AI's lower costs while ensuring quality, allowing them to invest in their services or products of real value to outflank their competitors.

## 07 Anticipated Increase in Software M&A in 2024, Fueled by Improved Trading Performance

Software deal multiples adjusted over the last 2 years as the focus shifted from growth at all costs to sustainable and profitable growth. A number of high-quality businesses have been focusing on their operations to drive up valuation in the longer term. A focus on underlying KPIs for software businesses will become critical to activity in 2024 and beyond. As certain industries start showing sustainable growth, software businesses focused on relevant verticals are likely to curry favour with large software conglomerates as well as private equity. 2024 will likely see an uptick in software M&A driven by stronger trading performance of businesses and multiples re-rating upwards to appreciate quality of businesses.

## 08 Consolidation & Specialisation to Fuel Healthcare Services M&A Activity

Healthcare services are poised to witness consolidation across the entire commercialisation lifecycle, accompanied by a shift towards deeper specialisation. Organisations are strategically integrating and streamlining various stages, such as research, clinical trials, regulatory compliance, marketing, and distribution, to create more efficient workflows and foster collaboration. In parallel, there is a growing emphasis on acquiring highly specialised assets to strengthen expertise in niche areas. This dual approach aims to enhance the efficiency of bringing new drugs, therapies, and medical technologies to market while meeting the rising demand for advanced and specialised healthcare solutions.

## 09 Increased Sustainability M&A Activity Following Tighter Regulations & Market Pressure

As new mandatory disclosure requirements reshape corporate strategies globally, we expect an accelerated increase in appetite for sustainability consulting services and technologies. One particular area of focus is on the supply chain strategies. The mounting pressure from regulators, consumers, and investors for stringent and broader ESG monitoring across supply chains propels companies into a landscape where precise measurement and transparent reporting are the norm. The 2024 M&A landscape is poised for a surge in deals centered around sustainability, where companies realign portfolios to reinforce their commitment to responsible practices. Businesses enter a new world where sustainability is not merely a goal but an essential part of business success.

## 10 Cyber Threats on the Horizon in 2024, Driven by Advancing Technologies

Geopolitical instability, advancing technologies, and a growing cyber capability gap underscore the importance of building resilience. A clear divide exists between cyber-resilient organisations and those struggling; barriers include rising costs and skills shortages. As organisations embrace new technologies like generative AI, understanding their immediate and long-term impact on cyber resilience is crucial – it will likely come to favour attackers over defenders. Advances in adversarial capabilities (fueled by generative AI) such as phishing and deepfakes heighten cybersecurity concerns as the rapid adoption of these technologies has outpaced efforts to implement safety measures. Automation, machine learning and generative AI will have the greatest influence on cybersecurity in the short to medium term.

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# 02

# Guest Editorials

inflexion PRIVATE EQUITY

Christian Fellowes
Investment Director, Healthcare

# The enduring importance of investment fundamentals has been demonstrated in 2023, let's not forget them as green shoots emerge

2024 has started with the emergence of green shoots giving hope that the year will be more fruitful for transactions in the healthcare space vs. 2023.

This is welcome news, since last year saw a continuation of uncertainty around wars, inflation, and threats of recession. Macro uncertainty was reflected in repriced risk appetite, with spreads between bid and ask prices affecting both public (IPO and follow-ons) and private transaction volumes. From our perspective, we witnessed a bifurcation in the market whereby top-quality assets transacted well whilst others struggled.

Despite all this, healthcare continued to represent c. 15% of deals, which is in line with longer-term trends and highlights the resilience of the sector vis-à-vis the wider market. Bain estimates that healthcare buyouts in 2023 accounted for $29bn of deal value in North America and $14bn in Europe, with popular subsectors including biopharma and the related areas of CROs and CDMOs.

We anticipate that a confluence of factors should support increasing transaction activity in 2024. The material pools of capital driving transaction flow all have reasons to encourage deployment:

1) Large pharma sponsors are facing an unprecedented large patent cliff over the next 3 – 5 years which will drive increased in-licensing and M&A activity to fill the revenue gap this leaves;

2) Market expectations that we've reached peak inflation and interest rates provide confidence for the broader macro backdrop. The Biotech public market activity already may be showing tentative signs of life with multiple IPOs already announced ahead of the reference JP Morgan Healthcare Conference in San Francisco in early January; and

3) PE is sitting on record levels of dry powder which needs to be deployed and an increasing number of assets that need to be exited.

Confidence in the first two is a vital ingredient for Life Sciences venture funding activity and is also important to pharma services market demand.

Whilst forecasting the speed of any recovery is unclear, the current malaise has been a good reminder of the enduring importance of investment basics that are associated with top-quality assets, namely the existence of a) a clear moat, b) a strong management team, and c) obvious ecosystem right to win (within life sciences, a company's offering should tick most of the 'better, faster and more efficient' requirements). Inflexion's recent minority investment into listed GlobalData Plc's healthcare division ticked many of these boxes.

Overall, we hope 2024 will be a year where we see transaction cadence begin to increase, opening the opportunity to support the rapid growth of ambitious top-quality companies at a technologically exciting time in the sector.

*Christian has a unique perspective on the dynamics in the healthcare sector - from a medical, transaction and entrepreneurial standpoint. He started his career as a doctor, and, prior to his current role at Inflexion, he was at GHO Capital and Duke Street covering a range of healthcare subsectors. Christian also co-founded a medical technology company, ASep Healthcare Limited, to commercialise a medical product that he developed with a colleague.*

# GenAI – the toddler of technology

Margaret Wagner
President, EMEA

Despite what the industry might tell you, AI is not the new kid on the block. In fact, if you realise it or not, many businesses who use a managed service or automate processes have been using AI in their day-to-day operations for more than 20 years. We know this today as trigger-based communications, straight forward processes requiring relevant data points and technology to push personalised, automated messages to customers. This then progressed to more real time interactions such as the omnipresent pop-up chatbot asking how it can help (or try to) assist you virtually with your query.

Since the launch of ChatGPT, we are now in an era of GenAI, which has the potential to change Customer Experience (CX) as we know it today. However, this evolution of AI comes with realities and challenges, ethically and logically, to reach its full potential.

The power of GenAI is undeniable. The ability to automate highly personalised and relevant content is now seemingly at your fingertips. And like its AI older sibling, it needs data and technology. However, GenAI is powerful, but not without context. That means more data and diligent governance. The power of GenAI is its ability to curate highly relevant and personalised content that leverages existing data – the better the data the better the content. But ethically, how far should this go? And logically, just because you can, doesn't mean you should.

For GenAI to reach its full potential, it needs expertise and nurturing as it matures as a platform. Is GenAI the next great marketing and communications platform? For sure. Is it ready for all use cases? Potentially, in controlled environments. Do you have what you need to ensure the right CX? Do the work to be sure. Getting it wrong, could have worrisome outcomes. Getting it right, could be a fantastic one. Make sure you've got process and governance for the latter.

*Margaret is the Regional President of Merkle, dentsu's leading technology-enabled, data-driven customer experience management (CXM) company, across EMEA. She leads a business of $400 million in annual revenue and 4,700 employees across 17 markets. Previously UK and EMEA Chief Growth Officer, Margaret built a regional platform for sales, alliances, and marketing. She is a member of the Merkle Global Executive Committee and of the EMEA Executive Team, and joined Merkle in Europe as it launched in the UK in 2015 after serving in senior leadership roles for RAPP and Wunderman.*

Smartology

# 'Privacy first' will be the name of the ad targeting game in 2024

**Mark Bembridge**
CEO & Founder

With Google's Chrome browser finally set to follow Apple's 2020 deprecation of 3rd party cookies on Safari, the underlying online ad targeting landscape is shifting rapidly. Over six in ten people worldwide use Chrome as their browser and Google's 3rd Party Cookie (3PC) deprecation is set to kick in during Q3 2024.

The impact of this on a multi-billion-dollar industry trained and hooked on 3PC audience targeting cannot be underestimated. During 2023 there was a collective sigh of relief when Google kicked the 3PC deprecation can into 2024 and since then, many senior execs have quietly relied on this happening again. But it is real, set to happen and folks are finally waking up to the fact.

With less than 9 months on the clock, there are in excess of 300 new identity solutions in the market vying to replace the third-party cookies. While some of these are more mature than others, there is still no standardisation around 'identity'. In absence of this and with no clear frontrunner solution, it becomes challenging for the industry to back the right horse to invest in.

Identity solutions also vary significantly from cohort-based solutions to Universal ID solutions, and from seller-defined audience (SDAs) solutions to data clean rooms. Some like Universal ID require users to opt in, or in the case of SDAs require first party data, which are challenging to scale. Others, like data clean rooms, only work for specific platforms, making adoption more difficult.

The contextual targeting market is unsurprisingly benefitting from the shift away from 3PC and is set to soar in the next five years as a more straightforward way to preserve privacy. Companies like Smartology build and utilise platforms that harness the spectacular progress of AI and combine this with the increasing focus of brands on content creation to add a new layer of technological sophistication to contextual content targeting. They no longer need to rely on basic keyword matching while improving overall accuracy and engagement.

The industry is waking up to 2024 where the testing of both identity and contextual targeting solutions is going to see rapid growth. Google's Privacy Sandbox has finally started garnering serious attention where new privacy-first solutions can be tested by key industry players. However, there will be winners and losers based on how much time and effort is invested during 2024 on 3PC alternatives and how quickly companies can move away from drinking the 3PC Kool-Aid.

*Mark is a prominent figure in the AdTech world, with over 20 years of experience dedicated to the creation of cutting-edge semantic recognition platforms.*

*Mark has founded Smartology, a fast-growing contextual advertising technology company. Before this, Mark served as the Managing Director at Leiki, a contextual intelligence platform that gained industry recognition and was ultimately acquired by DoubleVerify.*

Palantir

# Is Generative AI revolutionising healthcare?

**Indra Joshi**
Director, Health, Research & AI

Over the past year, generative AI has revolutionised the healthcare sector, transforming research, diagnostics, productivity, and ultimately clinical outcomes. This cutting-edge technology has unleashed a new wave of applications across the industry, paving the way for more personalised healthcare experiences.

Large language models have emerged as game-changers in everyday clinical practice. Doctors increasingly use these tools to facilitate communication with patients, streamline clinical note summarisation, and aid in differential diagnosis. For patients who feel confident using this technology, it has enabled them to explore research trials on the latest treatments, assess the appropriateness of treatment pathways or regimes based on their personal circumstances and medical history, and ultimately foster a more tailored healthcare experience.

Beyond clinical practice, the pharmaceutical industry has also reaped the benefits of generative AI. The technology has accelerated drug discovery by simulating molecular structures, predicting their properties, and identifying potential drug candidates. Moreover, generative AI is playing a crucial role in pinpointing patients at risk of developing conditions, understanding disease progression, and deciphering the genomic factors that might influence such progression.

Arguably, one of the most significant impacts of generative AI has been its ability to enhance productivity within the healthcare system. Amidst a workforce grappling with retention issues and services crippled by budget cuts and rising costs, LLMs have empowered staff to navigate complex records, optimise smart scheduling, and ensure the right person is in the right place at the right time.

The year 2023 marked a watershed moment in the implementation of generative AI in healthcare. Its profound impact on the sector and the democratisation of its use for a wide range of individuals has shifted the paradigm of AI applications within the industry. However, to truly move the needle on better clinical outcomes, we must now focus on addressing the more challenging issues of regulations and trust in these emerging technologies, with actions on designing accountable systems and placing humans in the loop to ensure clinical safety remains paramount.

*Dr Indra Joshi has a unique portfolio of experiences stretching across data/ AI strategy and implementation. She created the NHS AI Lab, a £250m investment leading to the development and deployment of over 100 AI technologies in UK health and care. She is also a Founding Ambassador of One HealthTech, a global, volunteer-led, grassroots community that supports and promotes under-represented groups to be future leaders in health innovation.*

SERVICEPLAN

# Decoding the 2024 Marketing: Insights into a Paradox of Optimism and Caution

Florian Haller
Global CEO

*In an era of rapid digital transformation, where the marketing landscape is in constant flux, understanding future trends becomes crucial. The 2024 CMO Barometer, an annual international study between Serviceplan Group and the University of St. Gallen, provides a forecast of the future trends and challenges expected to shape this dynamic field.*

While the outlook for 2024 portrays a blend of caution and optimism, the emerging sense of positivity is undeniable. Approximately half of the surveyed CMOs across 11 international markets[1] predict stability in the economic climate, with a hopeful 36% anticipating some degree of improvement. This optimism trickles down to budget planning, with one-third foreseeing a potential budget escalation.

Artificial Intelligence, Emotional Branding, and Content Creation are set to command the marketing agenda in 2024. The rising influence of AI indicates a broader shift towards data-driven strategies. However, the enduring value of emotional resonance in branding underscores the need for a human touch in our increasingly digital world.

The study also reveals an interesting transformation in trend perception. AI has leapt from fifth to first place within a year, replacing sustainability as the trend of the moment. However, the adoption rate of AI varies significantly across countries, reflecting the diverse priorities and marketing cultures worldwide.

Looking at the skillsets essential for successful marketing in 2024, a blend of analytical skills, strategic thinking, and creative innovation tops the list. Yet, the significance of soft skills, such as open-mindedness, cannot be understated. As in-house expertise grows, agencies also need to adapt beyond being mere creative hubs and act as equal partners.

This paradox of optimism and caution underlines the complexity of the challenges ahead, but with the right blend of innovation, adaptability, and vision, I am confident we can navigate these successfully. As Prof. Sven Reinecke from the University of St. Gallen aptly puts it, 'Marketing excellence = marketing strategy x craft x creativity.' We must strive for this excellence as we forge a path into the future of marketing.

*Florian, a luminary in the communications industry, has helmed the Serviceplan group for over three decades, taking the reins as CEO in 2002 from Peter Haller, the agency's founder. Under his leadership, the group has evolved into one of the world's largest independent agency conglomerates, reporting €740 million in revenue in 2023, and servicing some of the biggest global brands. Florian's strategic vision has fueled the group's growth and international expansion to 34 countries. Florian is recognised as one of the industry's most influential personalities.*

*(1) The study is based on an online survey conducted in September 2023, during which we collected 767 responses from international CMOs and other marketing decision-makers across 11 markets.*

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# 03

# Media & Marketing

# Deal Statistics

**2023 has been a cautious yet resilient year for M&A activity in the Digital Services, Media and Marketing sectors by deal volume. When compared with 2022 deal volume remains level with just a 1% decrease.**

The M&A landscape in 2023 has been marked by uncertainty amid ongoing global conflicts, high inflationary pressures resulting in an elevated fear of recession, and the continuing effects of the COVID-19 pandemic. M&A recovery has been muted, and Ciesco market intelligence has acknowledged a slowdown in global activity more widely. Despite this, activity in the Media & Marketing sector has remained afloat. We have observed an 11.4% CAGR increase in deal volumes from a normalised base in 2019, and a 23.8% CAGR increase from 2020 (a COVID-19-impacted year); this activity points towards a sustained buyer demand for future-proofed businesses with strong technological and digital capabilities in the face of an uncertain market.

Ciesco market intelligence recorded 2,068 deals in 2023, marking a 1% decrease over 2022, and an 18% increase on 2021. The total value of deals with disclosed transaction values recorded in 2023 stood at $43.5bn, not including the three mega deals (defined as a transaction where deal value > $10.0bn) which saw US Private Equity firm Silver Lake and Canada's largest pension fund, CPP Investments, acquire experience management software company Qualtrics in March 2023 for $12.5bn; video game developer Activision Blizzard's acquisition by Microsoft in October for $68.7bn; and the acquisition of World Wresting Entertainment (WWE), producer of television programming and live wrestling events, by Endeavor, global sports and entertainment company, for $21.0bn in March.

It is important to note that the majority of M&A transaction values are undisclosed, therefore the actual total value of deals is higher than reported. This year, only 12% of deals disclosed their value. Thus, a more accurate annual comparison of sector M&A activity is based on deal volume.

2023 saw an increase over 2022 in the number of large transactions (defined as deals with a value of at least $1.0bn). There were 14 large transactions completed in 2023, and 11 in 2022. 2022 showed a sharp decline from its recorded 33 in 2021, which was itself a significant rise on 13 in 2020.

In analysing the past five years, 2020 is an outlier in terms of deal activity. The prevailing trend indicates a consistent interest for businesses in the focus sector, in which 2023 deal volume has shown a 49% growth over 5 years.

FIGURE 3

DEAL VOLUME AND DISCLOSED DEAL VALUE (EXCLUDING MEGA DEALS), 2015 - 2023

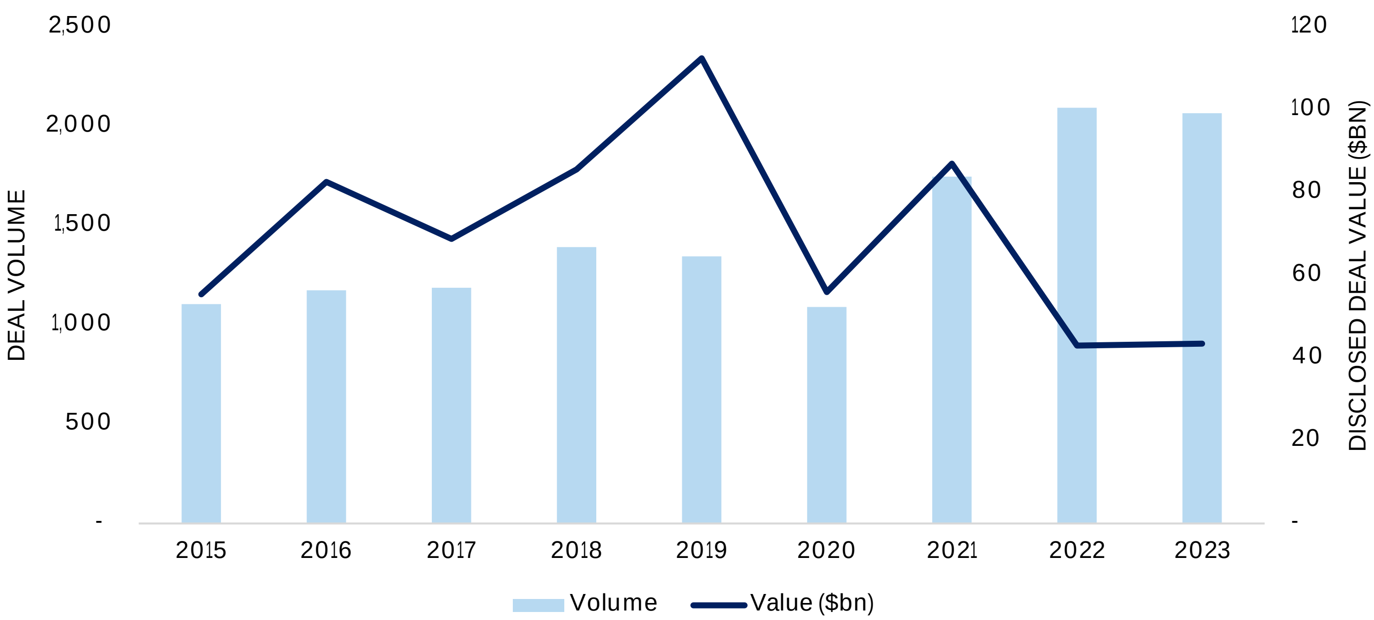


FIGURE 4
DEAL VOLUME AND DISCLOSED DEAL VALUE (EXCLUDING MEGA DEALS), 2019 - 2023

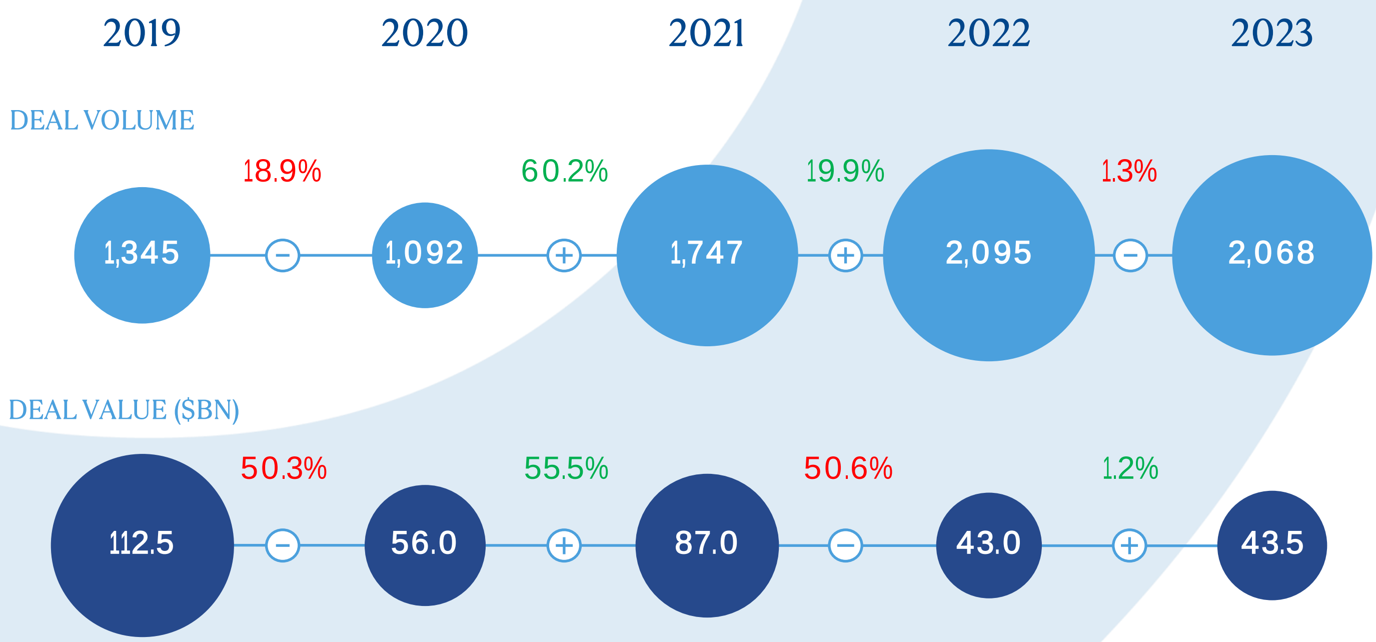



FIGURE 5
NOTABLE DEALS, 2023

| Target | Buyer | Month | Target Description | Buyer Description | Deal Value | EV/ Revenue | EV /EBITDA |
|---|---|---|---|---|---|---|---|
| eOne entertainmentone | LIONSGATE | Dec 23 | Television & Movie Content Company | Global Mass Media & Entertainment Company | $500m | n.a. | n.a. |
| FAZECLAN | GAMESQUARE | Oct 23 | Digital Media Platform | Digital Media Company | n.a. | n.a. | n.a. |
| Meltwater | MARLIN EQUITY PARTNERS | Aug 23 | Social Media Intelligence Company | Private Equity | $572m | 1.2x | 31.4x |
| Quotient | NEPTUNE RETAIL SOLUTIONS | Jun 23 | Promotions & Media Technology Company | In-Store & Digital Marketing Services | $430m | 1.6x | 9.9x |
| SCS SCHIEFER \| CHOPSHOP | POPREACH | Apr 23 | PR & Comms Media Agency | Developer of Mobile Games | $14.9m | 0.8x | 8.9x |
| cvent | Blackstone | Mar 23 | Event Marketing Software Developer | Private Equity | $4.6bn | 7.3x | 90.1x |
| UserTesting | SUNSTONE PARTNERS | Jan 23 | Human Insights SaaS Platform | Private Equity | $1.3bn | 6.1x | n.a. |

# Most Active Buyers

**In 2023, the list of Top 10 most active acquirers has PE firms, Media companies, Consultancies and Advertising networks, with the latter being the most prevalent on the list. This is in contrast to 2022, where PE dominated the most active buyers with 6 on the list.**

With a combined 88 deals in total, the Top 10 Most Active Buyers make up 4.3% of total transactions in the sector – a higher percentage compared to prior year, with the number of deals done by the Top 10 buyers increasing by 8 from 80. It is also worth noting that only 3 PE firms make the list this year, compared to 6 in 2022.

The list has changed considerably from what we saw at the end of 2022, with many previously active buyers such as The Carlyle Group, MDC Stagwell, Azerion, Blackstone, Endeavor Business Media and Providence Strategic Growth (PSG) dropping off the list.

The buyers that are maintaining their activity in the sector are Providence Equity Partners, with 13 completed transactions, and KKR, with 11 transactions completed in 2023. Havas and WPP also maintain their spots on the list from 2022, making 10 and 8 acquisitions in 2023.

## Providence-backed acquisitions

All 13 of the Providence-backed acquisitions in the space were bolt-on acquisitions to their existing platform business, predominantly led by Wasserman, a sports marketing and talent management company based in Los Angeles, with 5 bolt-ons. CloserStill Media (B2B events company) and Superstruct Entertainment (music and festival live entertainment company) each saw 3 bolt-on acquisitions.

The geographic focus for Wasserman's acquisitions in 2023 was the USA where the company completed 3 deals: Caric Sports Management, Brillstein Entertainment Partners and J1S. Additionally, Wasserman acquired Belgian based Wasserman Cycling and CSM Sport & Entertainment, based in the UK.

Providence invested in Wasserman at the end of 2022. They have helped the business, founded in 2002, grow to nearly 2,000 people with reach spanning 6 continents and 23 countries, operating in more than 45 cities across the world.

Superstruct Entertainment owns and operates over 70 major events and festivals, with Providence assisting them in adding The Music Republic, Cross The Tracks and Snowbombing to that list this year.

CloserStill Media has offices across Europe, the US and APAC and continues to lead the way in face-to-face exhibitions and events. Providence invested in CloserStill Media 2018 and have managed to add 10 bolt-on acquisitions.

## Havas & Omnicom

Havas has emerged as the most acquisitive strategic and holding group of 2023, making 10 acquisitions. Renowned for its innovative blend of data-driven insights and creative expertise, Havas stands at the forefront of the evolving advertising, media, and digital landscape and has been a consistently acquisitive network, having made 8 acquisitions throughout 2022.

The group started the year by acquiring HRZN, German based social media, PR and creative agency. To conclude the year, Havas again looked to the German market and acquired performance marketing agency EPROFESSIONAL. Their only UK-based acquisition of the year came in July as they acquired Uncommon Creative Studio for just under $30m.

Omnicom is the world's second-largest ad holding company, based on annual revenue. The listed group was one of the most active acquirers of the holding networks in 2023 with 9 acquisitions in the space, up from just 3 in 2022.

Omnicom acquired Grabarz & Partner and Flywheel Digital during 2023, in July and October respectively. Grabarz & Partner is a German-based creative advertising agency with close to 300 people. Flywheel Digital was acquired from Ascential Group in a larger-scale deal that saw a value of $835m. The company will broaden Omnicom's reach and improve digital commerce and retail media capabilities. Omnicom Media Group was the most active subsidiary of the group with 3 bolt-ons, followed by OPRG with 2 and TBWA with 1.

## Private Equity

In 2023, we saw only 3 PE firms making the Top 10 most active list – Providence Equity Partners, KKR and Waterland. Other large PE houses that have previously been on the top buyers list, including Carlyle, PSG and Blackstone, all led fewer acquisitions in this sector this year.

Carlyle, last year's top buyer with 13 acquisitions in the space, acquired 3 bolt-on acquisitions to their existing portfolio companies in 2023.

PSG acquired just one bolt-on acquisition in the space, bolstering the capabilities of its portfolio company Vehlo.

Blackstone made 4 acquisitions, two of which were platform investments in Cvent for $4.6bn and New Tradition Media for $625m.

The PE activity has been cautious in 2023 and the firms' efforts in M&A have been focused on key fundamentals and bolstering the essential capabilities.

FIGURE 6
MOST ACTIVE BUYERS BY DEAL VOLUME, 2023

| Buyer group/ Backer | Portfolio buyer | 2023 |
| --- | --- | --- |
| PROVIDENCE EQUITY PARTNERS | Superstruct Entertainment, CloserStill, Wasserman, Chernin Group, ATG Ambassador Theatre Group | 13 |
| KKR | fgs global, Mediawan, Lightcast, cegid | 11 |
| HAVAS | HAVAS Media Network, HAVAS Red | 10 |
| OmnicomGroup | OMG Omnicom MediaGroup, TBWA\ The Disruption Company, OmnicomPublicRelationsGroup | 9 |
| WATERLAND PRIVATE EQUITY INVESTMENTS | mrge commerce advertising, markettiers4dc group of companies, ALLTHINGSLIVE, TEAM FARNER | 9 |
| WPP | psb, H+K Hill+Knowlton Strategies | 8 |
| BETTER COLLECTIVE | | 8 |
| HYPE SNAGGER | | 7 |
| accenture | Accenture Song | 7 |
| ENDEAVOR | 160/90 | 6 |

# Buyer Activity

## Active buyer spotlights & select activity

**Accenture, in particular Accenture Song which recorded $18bn in revenue in 2023, has been a key player in the Media & Marketing landscape over the last few years. Accenture has been behind some of the key M&A transactions in the last decade, including across product innovation, experience design, marketing and commerce.**

### Accenture

Accenture is a global leader in professional services, standing as a beacon of innovation and expertise in the realm of consulting and technology. The Fortune Global 500 company maintained its acquisitive spree in 2023 with 7 acquisitions in the space.

Accenture's 7 target companies were spread across 7 different countries, with a predominant focus on the APAC region. 5 of their 7 deals in 2023 involved APAC-based companies, consistent with the trend that APAC is the fastest growing region in terms of deal volume. To highlight a few, Bourne Digital is an Australian UX agency, Signal is a Japanese web marketing agency, Jixie is an AI-led data intelligence agency based in Indonesia and Singapore, whilst Rabbit's Tale is a strategic communications agency based in Thailand.

One of Accenture's two deals in the West included purchasing US-based ConcentricLife, a healthcare marketing agency, from Stagwell. Their only European deal of 2023 saw them acquire the German research and intelligence agency Vocatus.

**Notable inclusions on the Top 10 most active list this year include Better Collective and Endeavor - with a foray into the world of sport, entertainment and media.**

### Better Collective

The Danish-based firm have a vision to be the leading digital sports media group. Founded in 2004, the publicly listed (STO: BETCO) group has a strong content presence that engages an audience of +180m each month. Their portfolio of national and international sports media brands include Action Network, HLTV, Playmaker HQ, VegasInsider and FUTBIN to name a few. With a market cap of $1.36bn and an EV of $1.59bn, the company has grown significantly through building a comprehensive portfolio of brands over the years.

### Endeavor

Endeavor is a publicly listed (NYS: EDR) global sports and entertainment company comprised of leading sports, entertainment and media groups including UFC, WWE and IMG. The company has a longstanding history dating back to 1898 as the William Morris Agency focusing on talent. Their transformation into new verticals has enabled them to flourish, now with a market cap of $6.96bn and an EV of $18.60bn. Their diversification into new verticals over time has been further cemented by their recent acquisition of WWE in September 2023 for $20.93bn.

# Geographic Overview

**The USA and the UK continued their reign as the most active M&A markets in 2023, making up 48% of all global deal activity in the sector with 757 and 239 deals respectively, followed by France, Japan, Canada and Germany; all these countries combined represent 71% of global deal activity in the sector, whilst APAC once again saw the greatest year-on-year increase, up 38% from 2022.**

2023 was approached with caution, with forecasts of a muted Q1 set to follow late 2022 - this held true. 2023 has been witness to continued macroeconomic fluctuations, especially in Europe as central banks hiked interest rates. Despite this, markets have demonstrated resilience while deal stagnation has masked a decade of robust growth in M&A activity. Emphasis should be placed on the continued strength that the markets continue to demonstrate.

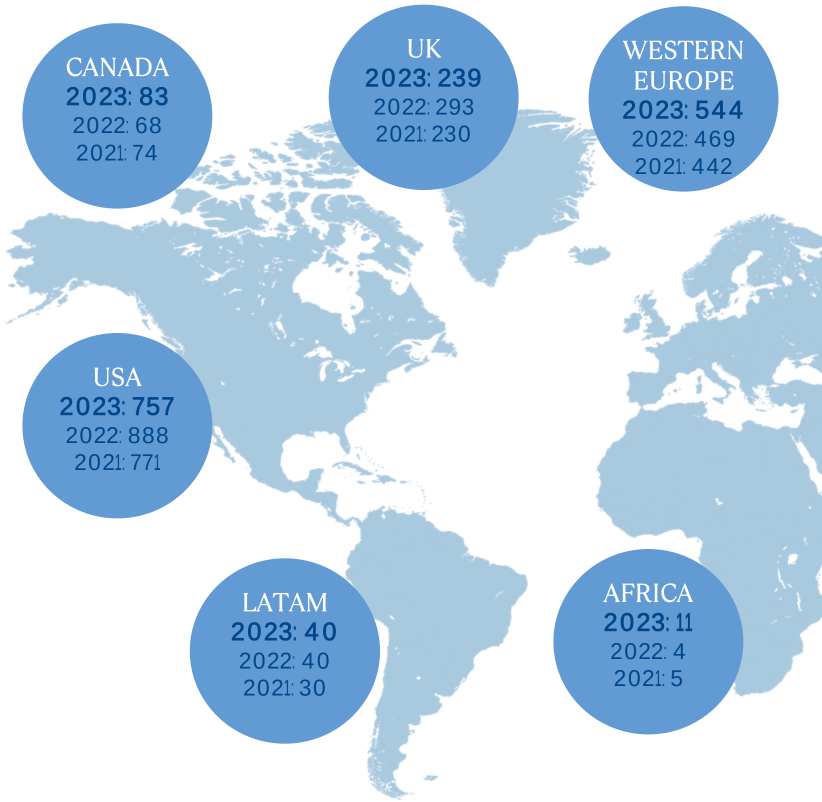



FIGURE 7
DEAL VOLUME BY REGION, 2021-2023

## USA

The USA recorded the highest number of transactions, announcing 757 deals involving a USA-based target. This accounts for 37% of all global transactions - a 15% drop from 2022. Also, USA-based acquisitions made up 88% of the announced global deal value in 2023, with 77% of those transactions involving a domestic bidder.

The largest deal in the market and focus sector (a mega-deal) was the $68.7bn acquisition of Activision Blizzard, one of the world's largest video game publishers, by tech giant Microsoft in October. The acquisition was announced back in January 2022, and the company was added to the Microsoft Gaming unit as a sibling division to Xbox Game Studios and ZeniMax Media.

The second largest market deal was also a mega deal – in September, World Wresting Entertainment (WWE), a professional wrestling promotion company, was acquired by entertainment, sports and content company Endeavor for $21bn. Endeavor plans to bring together WWE and the Ultimate Fighting Champion (UFC) to form a new, publicly listed company valued at more than $21bn. The two brands will create and distribute premium, live and original content.

## UK

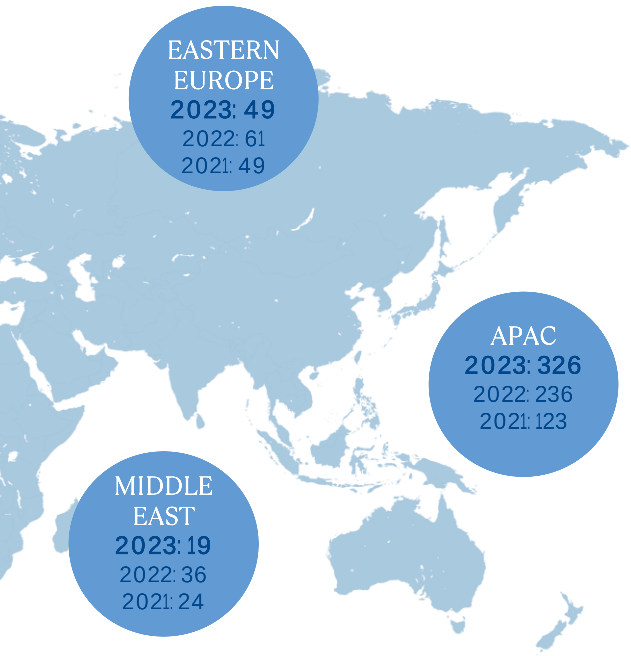
The UK saw an 18% decrease in deals in 2023 (239), down by 54 compared to the previous year (293). This aligns with a broader European trend of subdued activity due to tightened monetary policy, high inflation, rising interest rates, and recession concerns. Quarterly, deal numbers fluctuated: Q1 had 52, Q2 saw an increase to 78, Q3 dropped to 56, and Q4 remained steady at 53, signaling sustained buyer activity.

The UK's largest deal in the focus sector was the $940m acquisition of B2B exhibitions company Tarsus Group by British publishing and events company Informa in March. The merger unites the company with Informa's events portfolio, creating a powerhouse in various lucrative B2B markets.

In October, digital marketing services provider Flywheel Digital was acquired by Omnicom Group, the world's second-largest ad holding company, for $835m. The acquisition broadens Omnicom's reach and influence in the rapidly expanding digital commerce and retail media sectors.

## Western Europe

Western European countries experienced a 16% increase in deal activity in 2023 over 2022. France led the deal flow, followed by Germany, the




Netherlands and Italy with 128, 83, 68 and 51 deals, respectively. A notable transaction was the $4.8bn acquisition of French CRM outsourcing services company Webhelp by Concentrix, subsidiary of TD SYNNEX in March, enhancing Concentrix's position as a leader in the customer experience (CX) market. Also, Danish digital marketing services company Adservice was acquired by Swedish marketing platform company Adtraction for $24.6m in January. The companies have operated side by side since their establishment in 2007; the new setup will enable them to provide premium services to clients.

## APAC

APAC continued to see the greatest increase in 2023 by region, demonstrating a 38% increase on 2022, driven by Japan which announced 103 deals - 72 more than in 2022. Notable APAC deals include the acquisition of Hong Kongese digital sports media company 365Scores by British sports betting company Entain for $155.8m, as well as the acquisition of South Korean content production company Ghost Studio by Hong Kongese mobile game company ME2ZEN for $24.5m.

## Canada

Canada recorded a 22% increase in its transaction volume in 2023 compared with 2022. Notable deals include television & movie content company Entertainment One being acquired by LionsGate Entertainment for $500m in August. Also, Playmaker Capital, a digital sports media company, reached an agreement to be acquired by Better Collective for EUR 176m in November. The deal will help Better Collective to grow its audience and reach a larger segment of generalist sports fans.

## Eastern Europe

Transactions in the Eastern European region decreased by 20% compared with 2022. Highlight deals include the sale of Russian production centre company Insight People by Gazprom through a RUB 7bn; and the acquisition of Polish process automation platform Webcon by MCI Capital for PLN 163.3m, both in November. The latter opens a new chapter of international expansion for the low-code software producer.

## LatAm

Latin American deal activity saw 40 acquisitions in 2023, level with 2022 which also saw 40, with 55% of the transactions taking place in Brazil. In Brazil, sales process automation platform Exact Sales was acquired by RD Station, subsidiary of Totvs for BRL 51m in June. Also, Chilean publisher Editorial Microbyte was acquired by Digital360 of Italy for €602,000 in February. This acquisition aims to replicate the Demand Generation model successfully developed in Italy, which envisages the synergistic union of EMB's digital publishing.

## Middle East

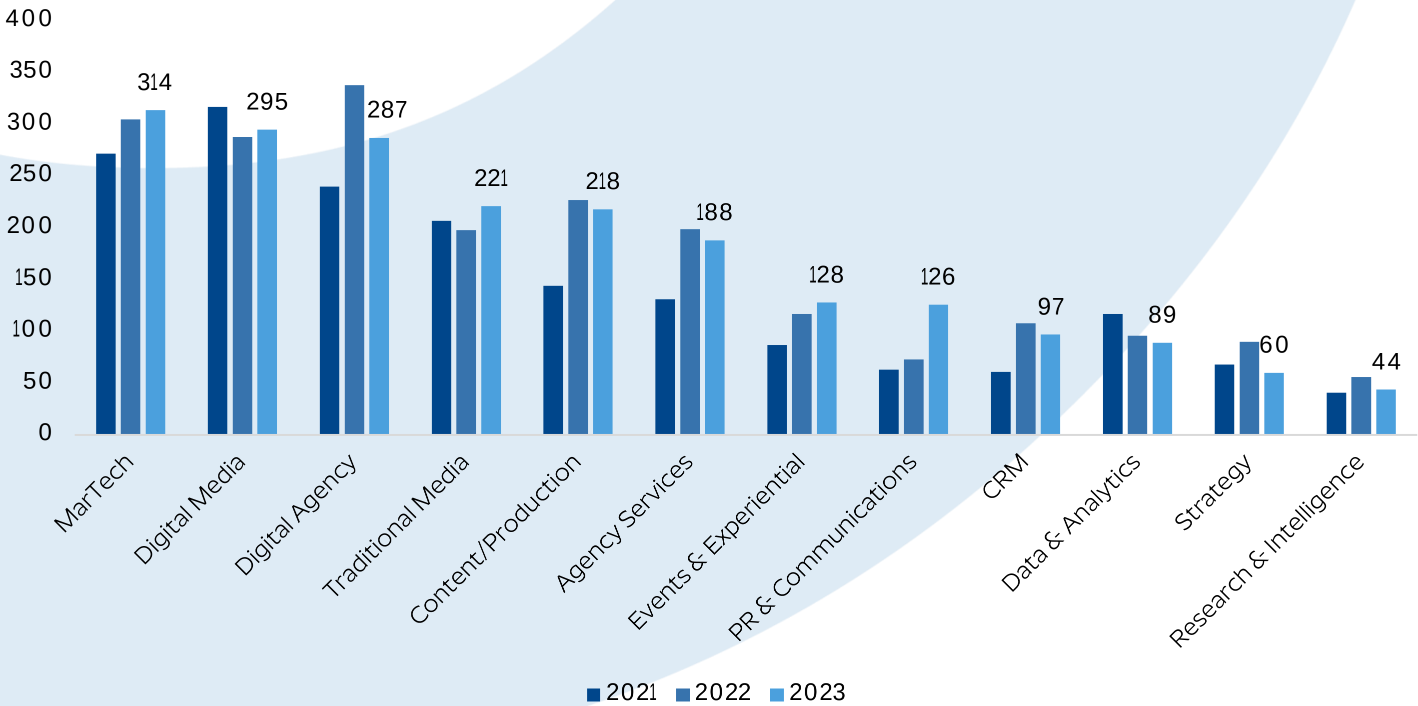
The Middle East experienced a 47% decrease in 2023 with 5 out of 17 deals being announced in the UAE. 247-Media, a Dubai-based outdoor advertising provider, was acquired by Multiply Group in April for AED $184m. Both companies share the same philosophy of growth. Also, Israeli MarTech company Cygobel Media was acquired by ClearPier, operator of premium performance marketplace, for CAD 40m in January.

## Africa

11 acquisitions were made in Africa in 2023, up from 4 in 2022. Select transactions include South Africa's digital media travel company Local Knowledge's acquisition by real estate investment company Neighbourgood, also of South Africa, for $1.5m in November. The company plans to incorporate Local Knowledge's tech stack into its accommodation offering. Also, Omedia Group, marketing research/intelligence provider based in Senegal, was acquired by French market research and consulting firm Ipsos in July. The deal allows Ipsos to develop its business in French speaking African markets and will leverage robust operational capabilities in the region.

# Sectors

FIGURE 8
DEAL VOLUME BY SECTOR, 2021-2023




**The M&A landscape in 2023 saw increased deal activity in five sectors, MarTech, Digital Media, Traditional Media, Events & Experiential and PR & Communications. Across the 7 other sectors tracked in this report, the year-on-year deal volume has declined. As companies seek to strengthen their respective core competencies, there has been increased effort in M&A for scale and geographic expansion and in acquisitions of sought-after niche capabilities.**

There are notably more resilient sectors that have continued to demonstrate significant appetite despite challenging conditions. In the first instance, Events & Experiential saw a 10% increase in the volume of deals, signifying the increase in the demand for both physical and virtual events. PR & Communications saw the most exciting increase in deal activity, showing a significant 73% increase compared to 2022 levels. Farner International was one of the most acquisitive buyers in the sector, pursuing a rapid "buy & build" strategy with support from its backer, Waterland Private Equity.

Digital Agency and MarTech created the highest deal volume across 2022. This has continued into 2023 for MarTech, leading the way with 314 deals. The MarTech sector leads 2023 deals, with a 3% year-on-year increase further elevating the highs of 2022. Publicis acquired a UK based MarTech firm Yieldify in January 2023. Its personalization, conversion optimization and customer journey analysis offerings will enhance Epsilon's PeopleCloud.

Digital Media experienced the second most deals with a 2% increase year-on-year, totalling 295 deals. Digital Agency saw a total of 287 deals in 2023, the third highest volume of the year but with a 15% decrease year-on-year. The combined number of transactions in these three sectors amounted to 43.3% of the deal activity in the sector, remaining consistent with 2022 (44%). The same three sectors showed the highest deal volumes in 2022. Stagwell, a New York-based marcoms group made several acquisitions in the space, including an Ireland-based, creative digital agency, In the Company of Huskies and a US-based digital agency, Left Field Labs.

**Overall deal volume in 2023 marginally fell by 1% compared to 2022, despite MarTech, Digital Media, Traditional Media, Events & Experiential and PR & Communications sectors all seeing increased deal activity. Content / Production, Agency Services and Data & Analytics sectors saw lower than average single-figure percentage decreases compared to 2022. The Strategy sector saw the largest decrease in deal volume, with a 33% reduction compared to 2022, with deals falling from 90 in 2022 to 60 in 2023.**

Of the portion of deals that have the value disclosed, Events & Experiential had the highest total deal value (excl. mega deals) in 2023, with a total value of $8.16bn. One deal accounted for over half of this total; Cvent's acquisition by an affiliate of private equity funds managed by Blackstone. The leading meetings, events and hospitality technology provider was acquired for $4.6bn in a public to private deal, resulting in the company being delisted from the Nasdaq Stock Market.

The sector with the second highest total deal value was Digital Media coming in with a total of $7.06bn. The majority of this total can be attributed to Savvy Games Group's $4.9bn acquisition of mobile game developer, Scopely. Savvy Games Group is a wholly owned subsidiary of Saudi Arabia's Public Investment Fund. Including mega deals, Digital Media is the sector with the highest deal value by far, attributable to Microsoft's acquisition of Activision Blizzard for $68.70bn.

Data & Analytics and CRM were almost equal in deal value with $4.87bn and $4.84bn in 2023 respectively. This would change however if we included mega deals; Data & Analytics would be the sector with the third highest deal value at $17.37bn. Silver Lake's acquisition of Qualtrics, a pioneer of experience management software, is the mega-deal that occurred this March in this sector with a value of $12.5bn. Content & Production at $2.48bn excludes the mega deal of WWE being acquired by Endeavor for $21bn. Otherwise, this would be the sector with the second-highest deal value at $23.48bn.

Of the 221 deals in the Traditional Media sector, 117 (53%) of the target companies were based in the USA (37%) and UK (16%). The remaining majority was spread across France, Germany, Denmark, Canada and Italy. Compared to Agency Services, the other traditional sector, 88 of the 188 target companies (47%) were based in the USA (33%) and UK (14%). Buyer geography tends to follow a similar trend to that of the target company geography in the same sector. For example, 114 (52%) of the Traditional Media sector buyers were also based in the USA and UK, whilst for Agency Services, 89 (47%) of the buyers were based in the USA or UK.

FIGURE 9

DISCLOSED DEAL VALUE BY SECTOR (EXCL. MEGA DEALS), 2023


Although MarTech saw the largest deal volume as a sector in 2023, the value of these deals was lower compared to 5 other sectors. The largest deal this year in MarTech was Telus International's acquisition of WillowTree, developer of customer experience products, for just over $1.2bn. This deal marks an exit for PE investors Constitution Capital Partners and Insignia Capital Group.

Private Equity was the buyer for 38% of all deals this year. This is consistent with this year's buyers when looking at the PR & Communications sector. Compared to 2022 however, private equity buyers for this sector are up 145%. In contrast, Strategy saw just 20 PE deals in 2023, down by 38% in 2022. Digital Agency broadly followed the average for PE deals in this sense, as did Research & Intelligence. One of the major deals from the latter sector was Sunstone Partners and Thoma Bravo's public-to-private acquisition of UserTesting for $1.3bn.

The M&A landscape looked bleak in 2023. With recessionary fears and high interest rates to curb inflation in most major markets, the slower market activity seen towards the end of 2022 was set to continue into 2023. Towards H2 of 2023, we saw smaller scale deals across the lower mid-market pick up, as companies focused on their core strategy, bolstering existing capabilities and divesting non-core assets.

**The appetite for M&A deals in the sector is visibly picking up and 2024 is expected to see growth across the majority of the subsectors within the media & marketing landscape.**

# Healthcare

Note: This is a section to specifically focus on the Healthcare sector. These figures do not form part of the total findings of this review.

**The total number of healthcare transactions in 2023 with a disclosed deal value was 601. The total number of transactions including those without a deal value disclosed is approximately 5x greater, demonstrating a more representative view of how comparatively active the Healthcare M&A space continues to be against other sectors.**

Analysing the 601 deals tracked by Ciesco, the total deal value from the healthcare sector, including megadeals, was just over $334.7bn. Pharmaceuticals & Biotech is the most active subsector, accounting for 226 (38%) of healthcare deals, followed closely by Healthcare Services with 204 deals (34%). Devices & Supplies and HealthTech account for 28% of Healthcare M&A deals combined, with 115 deals and 56 deals respectively in 2023.

260 of the M&A healthcare targets this year had headquarters in the US, making up 43% of all healthcare deals Ciesco tracked in the space. The US continues to remain far ahead of the UK in terms of healthcare deal activity, as only 40 targets were UK-based (7%). UK-based targets make up approximately a quarter of the healthcare M&A deals with targets based across Europe, collectively accounting for 27% of deals, led by Germany, France and Sweden. This demonstrates just how active the US healthcare landscape is compared to that of the UK and Europe, although this gap continues to shorten.

**Two mega deals this year stood head and shoulders above the rest; Pfizer acquiring Seagen** for $43.4bn and Amgen's **acquisition of Horizon for $27.8bn.**

The Seagen acquisition will position Pfizer at the forefront of cancer care and complements its existing portfolio across both solid tumors and hematologic malignancies.

Horizon Therapeutics researches, develops and commercialises medicines for rare diseases. The key synergies identified through Amgen's acquisition of the company included strengthening of their inflammation medicines portfolio.

Syneos Health's public to private transaction led by PE firm Elliott Investment Management was another large deal in the space, at $7.1bn. With Patient Square Capital and Veritas Capital also investing, Syneos Health is now a privately held company well positioned to further accelerate its transformation by investing in technology that improves their integrated solutions. A more tech-enabled future for Syneos is consistent with wider trends in the healthcare market as digitisation in the space begins to move out of its infancy and the intersection between healthcare and technology continues to grow.

Geopolitical volatility and persistent financing difficulties no doubt contributed to a risk-off attitude among both buyers and sellers in the healthcare space throughout 2023, as was the case across most sectors. Disconnect over valuations paired with high debt-servicing costs has restricted the potential for highly leveraged firms to do bolt-on deals. The cost of debt has also inhibited larger healthcare deals, with PE preferring to focus on existing portfolio growth and smaller deals. Unsurprisingly, there has also been a rise in the number of restructuring deals. However, Syneos' move towards a more tech-enabled future marks a trend that looks set to truly take off in 2024. With wider adoption rates of technology and increased digitisation, led by the rise in popularity of generative AI models, we are on the brink of a new and exciting era in healthcare. Companies at the forefront of this surge will likely garner high interest and drive healthcare M&A activity heading into 2024.

FIGURE 10
PERCENTAGE OF HEALTHCARE SUB-SECTOR ACTIVITY BY VOLUME, 2023

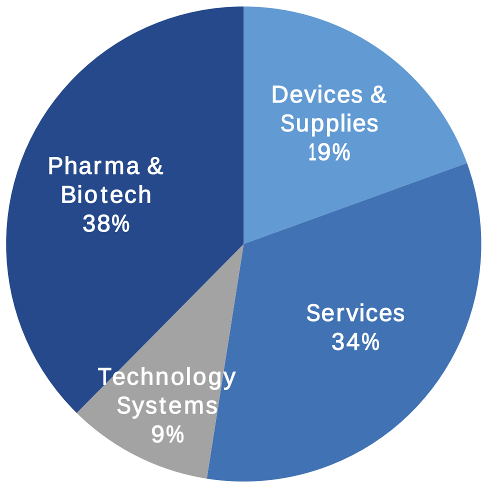


FIGURE 11
DISCLOSED DEAL VOLUME & VALUE BY SECTOR, 2023

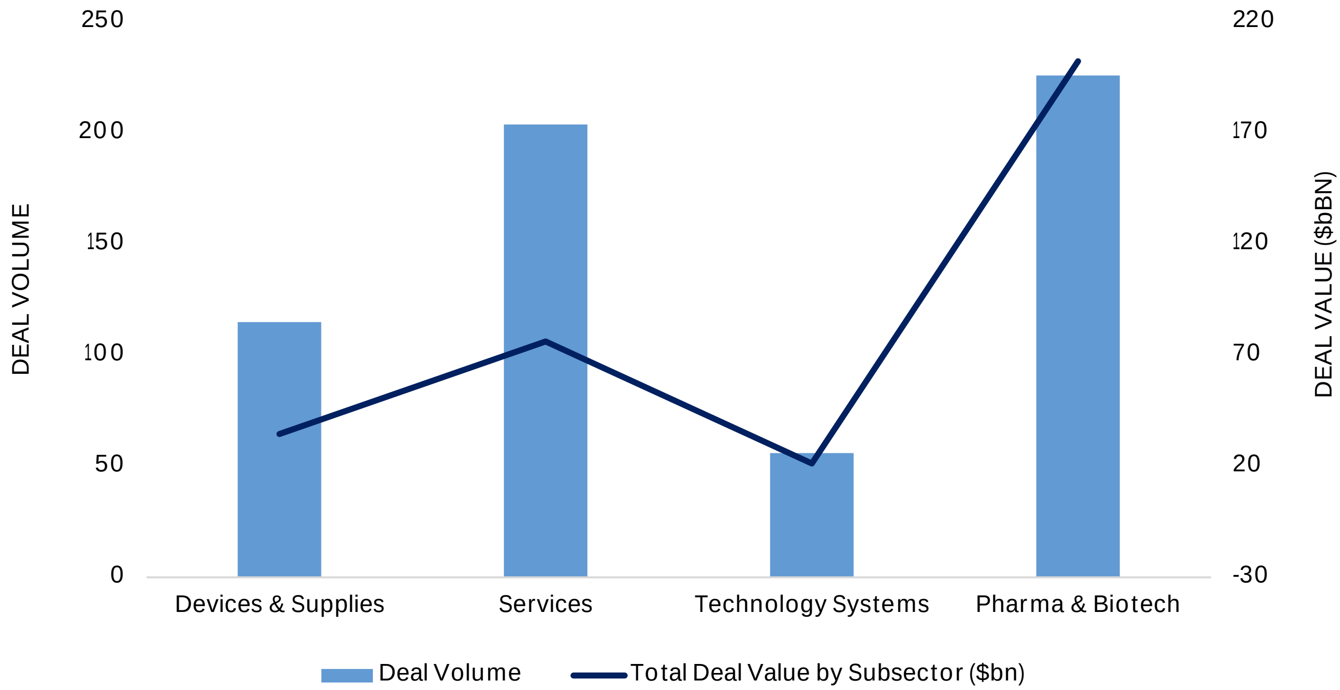



FIGURE 12
NOTABLE HEALTHCARE DEALS, 2023

| Target | Country | Buyer | Country | Deal Value | Target Description |
|---|---|---|---|---|---|
| Seagen | USA | Pfizer | USA | $43.4bn | Biotechnology company developing and commercialising therapies for the treatment of cancer |
| TI Health | USA | REAL CHEMISTRY | USA | n.a. | Predictive analytics martech company delivering HCP engagement and activation insights |
| eruptr | USA | AMULET CAPITAL PARTNERS | USA | n.a. | Healthcare digital marketing patient engagement, and customer acquisition solutions |
| KANTAR (Health) | UK | M3 GLOBAL RESEARCH | USA | n.a. | Kantar's Healthcare Research & Insights vertical businesses |
| Syneos Health | USA | ELLIOTT | USA | $7.1bn | CRO and outsourced commercialisation for pharmaceutical and biotechnology firms |

CIESCO

# 04

# Technology & Software

# Deal Statistics

**2023 has been a somewhat subdued year for M&A activity in the Technology and Software sectors by deal volume. When compared with 2022, deal volume is down 21%, returning to levels more in line with pre-pandemic.**

Deal activity in 2023 was affected primarily due to increasing interest rates brought in by central banks to curb rising inflation. Higher interest rates increased the cost of debt and amongst other factors had a negative effect on the markets of all major economies, impacting growth.

In 2023, 7,547 deals in the Technology and Software sectors occurred globally, marking a 21% fall compared with 2022 and a 31% fall on 2021. The total value of deals with disclosed transaction values recorded in 2023 stood at $372bn, not including mega deals which are defined as a transaction where deal value exceeds $10bn. This marks a 17% reduction compared with 2022, and a 49% fall on 2021.

The largest of the 9 mega deals that completed in 2023 include Microsoft's controversial acquisition of Activation Blizzard for $69bn in October, Broadcom's acquisition of VMware for $69bn in November and Cisco's acquisition of Splunk for $28bn in September.

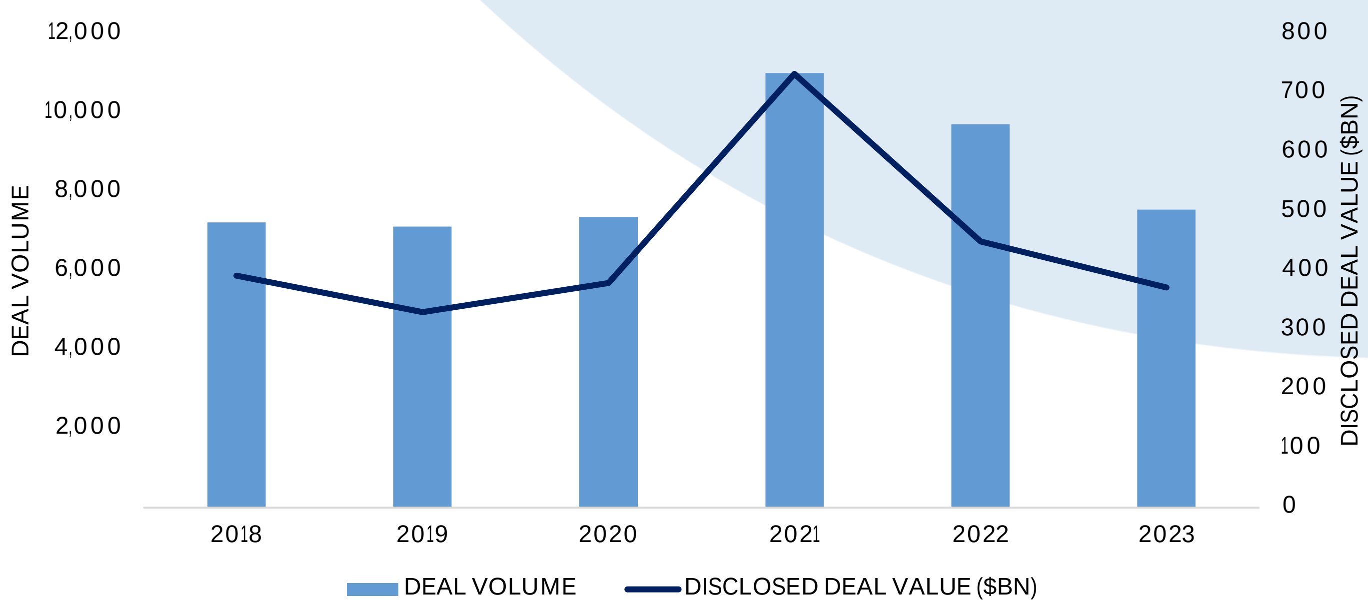
As was stated in the previous section, it should be noted that the true total value of deals will be significantly higher than the figures quoted in this Review, as the majority of M&A transaction values are not disclosed. Therefore, the more accurate annual comparison of sector M&A activity is deal volume.

2023 saw a modest decline in the number of large transactions compared with last year. There were 9 recorded mega deals in 2023 compared with 11 in 2022, 8 in 2021 and 6 in 2020.

When analysing the past five years, 2021 can be considered an outlier in terms of deal activity as it is the strongest year by deal volume and deal value by some margin. The overarching trend is that the appetite for businesses in the Technology and Software sectors remains strong.

The outlook for 2024 is more optimistic amongst investors as corporate profits are showing signs of improvement, inflation in major economies is returning to target levels and central banks are expected to start cutting interest rates.

FIGURE 13
DEAL VOLUME AND DISCLOSED VALUE (EXCLUDING MEGA DEALS), 2018-2023



DEAL

$69bn

Broadcom acquires VMware

DEAL

$69bn

Microsoft acquires Activation Blizzard

DEAL

$28bn

Cisco Systems acquires Splunk

FIGURE 14

NOTABLE DEALS, 2023

| Target | Buyer | Month | Target Description | Buyer Description | Deal Value | EV/ Revenue | EV/ EBITDA |
|---|---|---|---|---|---|---|---|
| vmware | BROADCOM | Nov-23 | Cloud Computing Technology Company | Software Developer | $69bn | 5.1x | 19.9x |
| ACTIVISION BLIZZARD | Microsoft | Oct 23 | Video Game Publisher | Multinational Technology Corporation | $68.7bn | 6.4x | 19.7x |
| splunk> | CISCO | Sep-23 | Big Data Software Company | Digital Comms Technology Conglomerate | $28bn | 6.7x | 425x |
| qualtrics XM | SILVER LAKE / CPP Investments | Jun-23 | Experience Management Software | Private Equity | $12.5bn | 7.6x | n.a. |
| BLACK KNIGHT | ice | Sep-23 | Software, Data & Analytics | Global Financial Exchange Operator | $11.7bn | 6.8x | 15.9x |
| Adenza | Nasdaq | Nov-23 | Software Application Provider | Stock Exchange | $10.5bn | 17.8x | n.a. |
| ni | EMERSON | Oct-23 | Engineering and Manufacturer | Automated Testing Provider | $8.2bn | 4.7x | 24.4x |

# DevOps

In the ever-evolving landscape of technological advancement, one term has emerged as a game-changer: DevOps. This transformative approach, blending development (Dev) and operations (Ops), has become the heartbeat of innovation for companies navigating the complex digital realm.

DevOps is more than just a methodology; it embodies a cultural shift that fosters collaboration, automation, and continuous improvement throughout the software development lifecycle. It encourages breaking down silos between development, operations, and other cross-functional teams, enabling seamless integration and rapid deployment of software.

The allure of DevOps lies in its ability to enhance speed, efficiency, and reliability in software delivery, crucial in meeting the demands of today's competitive markets. Organisations that have embraced DevOps principles, recognising the pivotal role it plays in driving agility, innovation, and scalability, stand as a beacon of attraction for discerning acquirers seeking to invest in forward-looking enterprises.

As organisations embrace DevOps principles, they lay a solid foundation for the integration of AI technologies, creating a harmonious union that propels them ahead in the competitive market.

## Market Trends in 2023

**DevSecOps** and the shift-left approach to development has grown in popularity as **cyber threats evolve** and organisations increasingly **prioritise security and compliance**

**Cloud-native technologies** enable DevOps teams to build, deploy and manage applications that can support fast and frequent changes without impacting service delivery

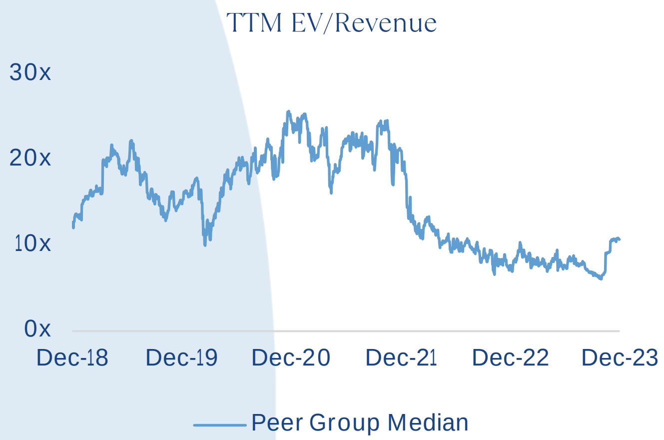
The demand for **low & no-code development** increased as industries that are not digital by nature are undergoing **rapid digital transformation**

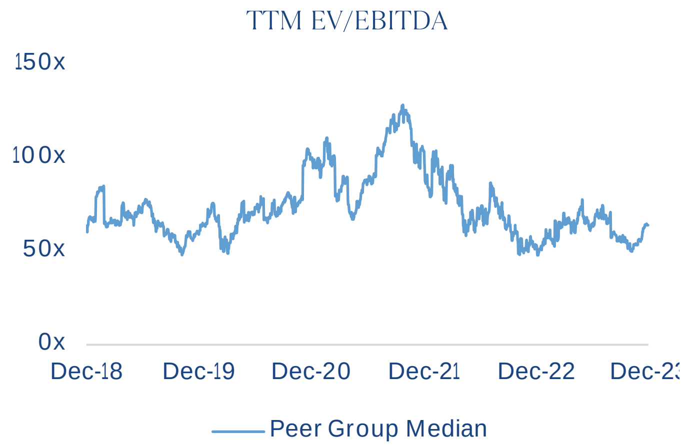
The significance of **observability** was on the rise, especially as **cloud-native applications** and production environments become progressively more **intricate and distributed**

Continued **integration of artificial intelligence (AI)** allows DevOps teams to optimise and automate workflows, improving software development efficiency

**Microservices architecture** implementation continued to grow as the **loose coupling of functionalities** reduces downtime and allows developers to **work on one microservice without disrupting others**

FIGURE 15
DEVOPS PUBLIC SECTOR VALUATIONS, 2018-2023




*Notes:*
*- Given the nature of the tracked business, EV/Revenue is a more relevant valuation multiple compared with EV/EBITDA which shows extremely high multiples.*
*- Peer Group constituents are: ServiceNow, Atlassian, Datadog, Dynatrace, Elasticsearch, New Relic, SUSE, GitLab, HashiCorp, JFrog, Commvault, and PagerDuty.*
*- Valuation Multiples for New Relic and SUSE have been included up to the point of completion of their take private investments by Francisco Partners & TPG on 08-Nov-2023 and by EQT on 14-Nov-2023, respectively.*

FIGURE 16
NOTABLE DEALS, 2023

| Target | Buyer | Month | Target Description | Buyer Description | Deal Value | EV/ Revenue | EV/ EBITDA |
|---|---|---|---|---|---|---|---|
| new relic | FP Francisco Partners, TPG | Nov 23 | Observability | Private Equity | $6.5bn | 6.7x | n.a. |
| Micro Focus | opentext | Jan 23 | Business Software & Consulting | IT Operations Management | $5.8bn | 2.3x | 6.7x |
| Apptio | IBM | Jun 23 | Financial & Operation IT Management | Business Management Software | $4.6bn | n.a. | n.a. |
| sumo logic | FP Francisco Partners | Apr 23 | Software Analytics | Private Equity | $1.7bn | 5.7x | n.a. |

## Notable Transactions

The largest DevOps deal in 2023 was the take-private acquisition of New Relic by Francisco Partners and TPG for $6.5bn. New Relic's shareholders received $87.00 Per Share in cash, representing a premium of approximately 26% to New Relic's 30-day volume-weighted average closing price (VWAP) ending on July 28, 2023.

OpenText acquired one of the UK's largest software companies Micro Focus in a $5.8bn deal to kick off 2023. This acquisition represented 2.3x TTM revenue multiple and 6.7x TTM EBITDA multiple as of October 31, 2022. Mark J. Barrenechea, CEO & CTO of OpenText stated that "[The acquisition] will help organisations accelerate their digital transformation and drive growth while reducing costs."

IBM's acquisition of Apptio in June for $4.6bn was the third largest DevOps acquisition in 2023. This acquisition is part of IBM's ongoing strategy of investing in IT automation. Being a longstanding figure in the tech industry, "Big Blue" is evidently pursuing a strategic initiative to integrate more modern products and services into its portfolio.

The fourth largest DevOps deal of 2023 was Francisco Partner's $1.7bn acquisition of Sumo Logic, a leading US based SaaS analytics platform that helps ensure application reliability and security.

## Active Buyers

Francisco Partners, a leading tech-focused US private equity firm, has been a prominent player in the DevOps sector, making two of the largest acquisitions in the space in 2023 – New Relic and Sumo Logic. In addition, Francisco Partners acquired Aspecto and Stoplight as add-ons to its portfolio company SmartBear.

Thoma Bravo, one of the largest and most prolific global private equity firms, acquired UserTesting as a platform investment along with the three bolt-on acquisitions of PreFlight, Snow Software and Skuid.

We also saw significant activity from strategic investors, particularly IBM, who acquired StepZen and Agyla.Cloud together with the landmark acquisition of Apptio.

Akamai Technologies, a US based content delivery network provider, was also active in the sector with the acquisitions of Ondat and Neosec for $25m and $87m, respectively.

Dell also made two DevOps acquisitions in 2023: Cloudify for $100m and Moogsoft for an undisclosed amount.

## Cybersecurity

In an era dominated by digital innovation, the shield that protects businesses from the pervasive threat landscape is cybersecurity. The interconnectedness of systems, the exponential growth of data, and the evolution of sophisticated threats have elevated cybersecurity from a mere necessity to an indispensable cornerstone of modern business strategy.

Cybersecurity encompasses a multifaceted approach, encompassing technologies, processes, and human vigilance aimed at fortifying digital assets against malicious actors. Its significance cannot be overstated, especially in a landscape where data breaches, ransomware attacks and digital espionage loom as potent threats.

Financial and strategic acquirers recognise the paramount importance of cybersecurity as they seek to invest in resilient, future-ready enterprises. Companies that prioritise cybersecurity not only safeguard their assets but also bolster customer trust, comply with regulatory mandates, and ensure continuity in an increasingly volatile digital environment. The integration of AI with cybersecurity stands out as a transformative force. This potent combination not only enhances the overall resilience of the target company but also positions it as a forward-thinking investment.

### Market Trends in 2023

**Remote working cybersecurity** risks are on the rise as **40% of the workforce in the UK work from home at least one day a week**

The **expanding Internet of Things (IoT)** creates more opportunities for cybercrime - **by 2026 there will be 64 billion IoT devices around the world**

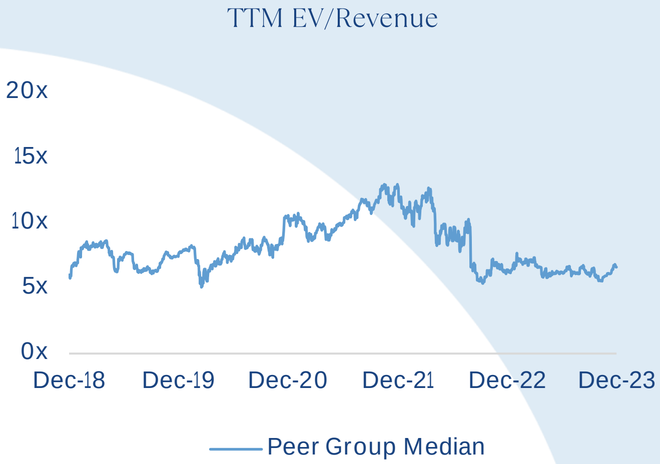
**Ransomware** remains a growing threat as there are now **over 120 separate families of ransomware**, with adept hackers able to hide malicious code

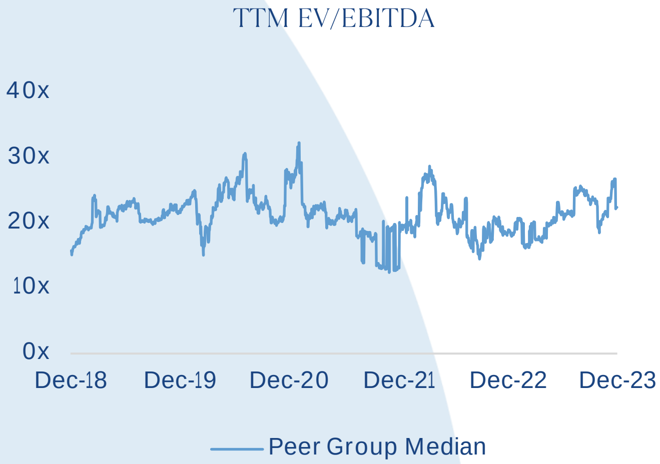
Increased adoption of cloud services has resulted in an **increase in cloud security threats**, with **39% of businesses experiencing a data breach** in their cloud environment in 2022

The continued **rise of artificial intelligence (AI)** makes for **stronger defense mechanisms** but simultaneously **more sophisticated cyberattacks**

**Social engineering attacks** are the most common form of cyber attack and are **getting smarter**, requiring more attention from cyber security firms

FIGURE 17
CYBERSECURITY PUBLIC SECTOR VALUATIONS, 2018-2023




*Notes:*
*- Public peer group constituents are: Palo Alto Networks, Rapid7, Check Point, Fortinet, Zscaler, CrowdStrike, SentinelOne, Trend Micro, Gen Digital, F-Secure, Darktrace, CyberArk, Okta, Thales, Secunet Security, Synopsys, Open Text, Qualys, and Tenable.*
*- TTM EV/EBITDA multiples > 60x are deemed to be not material and have been removed from the data set.*

FIGURE 18
NOTABLE DEALS, 2023

| Target | Buyer | Month | Target Description | Buyer Description | Deal Value | EV/ Revenue | EV/ EBITDA |
|---|---|---|---|---|---|---|---|
| vmware | BROADCOM | Nov 23 | IT infrastructure | Semi-conductors | $69bn | 5.1x | 19.9x |
| splunk> | CISCO | Sep 23 | Data Security | Networking & Software | $28bn | 7.3x | 425x |
| KnowBe4 | VISTA | Feb 23 | Cybersecurity awareness | Private Equity | $4.6bn | 14.8x | 142x |
| imperva | THALES | Dec 23 | Data security | Defence & Security Systems | $3.6bn | n.a. | n.a. |

## Notable Transactions

The largest cybersecurity deal in 2023 was Broadcom's take-private acquisition of VMware in November for $69bn. The deal was first announced in May of 2022 but faced tough regulatory scrutiny across the world leading to the closing date being delayed three times. This deal represented 44% share price premium on VMware's VWAP ending on May 20, 2022, and a 5.1x EV/Revenue multiple and a 20x EV/EBITDA multiple.

In September, Cisco announced the $28bn acquisition of Splunk. According to the agreement, Cisco is offering Splunk shareholders a substantial premium, paying $157 per share considering the 52-week low at the point of announcement was $65 and had hovered below $100 for much of the year.

Vista Equity Partners' $4.6bn acquisition in July of KnowBe4, the world's largest security awareness training and simulated phishing platform, was the third largest deal in the sector.

Thales completed its $3.6bn acquisition of Imperva on 4th December, earlier than anticipated, now becoming the 4th largest cybersecurity deal in 2023. With this acquisition, Thales is forecasting cybersecurity revenues of $2.4bn for FY24.

## Active Buyers

Cisco Systems was by far the most active acquirer in the sector, making 7 acquisitions in total. Prior to the acquisition of Splunk in September, Cisco acquired four network security platforms, most notably Panoptica for $225m. Cisco acquired Armorblox, an email security platform, in July, and then followed up the Splunk acquisition by acquiring Accedian Networks in late September, another network security platform.

Thoma Bravo continued to invest in the cybersecurity sector in 2023, acquiring ForgeRock, a leader in cloud identity and access management, for approximately $2.4bn. Thoma Bravo also made three bolt-on acquistions in the sector, most notably its portfolio company Grayshift's $1.3bn acquisition of Magnet Forensics, a developer of digital investigation forensics.

The private equity firms LDC, Livingbridge, and M/C Partners also all made 3 bolt-on acquisitions in 2023.

We also saw Accenture, a leading UK-based IT services and consulting business, look to strengthen their cybersecurity offering with the acquisitions of Morphus Information Security, 6point6 and Innotec System this year.

# EdTech

Education technology has undergone a rapid evolution, transitioning from decades-old content-led providers to a surging demand for cutting-edge learning solutions and a shift towards digital education. Traditional educational approaches have given way to a new era, marked by the integration of various technologies to enhance learning experiences for learners and improve operations efficiency for operators.

The closure of schools and universities during the recent pandemic expedited this evolution, prompting the swift adoption of remote and hybrid learning models. This crisis-driven transformation not only addressed immediate challenges but also acted as a catalyst for innovation within the education sector.

In response to these changing conditions, substantial investments flowed in from private investors and governments, recognising the key role of technology in the future of education. This influx of financial support reflects a collective commitment to ensuring a more resilient and adaptive learning environment.

We anticipate that the EdTech M&A market will be driven by major players seeking consolidation to offer comprehensive solutions and establish themselves as one-stop-shops for EdTech. It will also entail acquiring startups with specialised AI expertise tailored to the education sector.

## Market Trends in 2023

**High capital inflows driven by increased interest from PE funds & Venture Capitalists**, which collectively invested over $10bn in 2023

**Artificial Intelligence & Machine Learning enable personalised education** through adaptive learning models and innovative chatbots

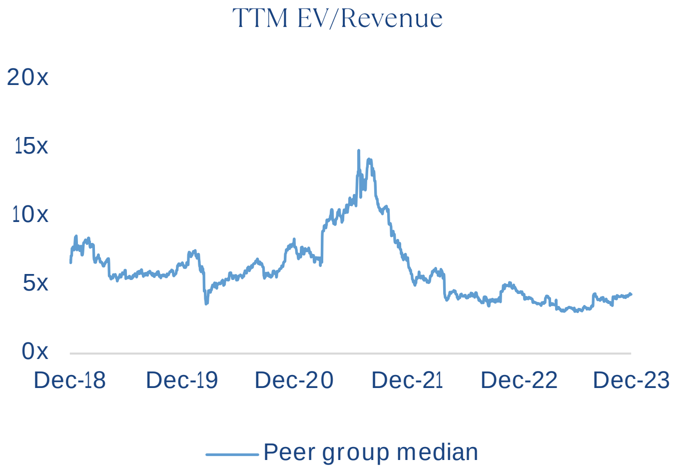
**Large firms view employee reskilling and upskilling as a necessity**, and E-learning platforms are the cheapest and most effective option

**India becomes a leader** with its market to reach **$10.4bn by 2025**, fueled by the demand for non-academic courses and customisation solutions

**K-12 homeschooling start-ups are on the rise**, especially in the US as homeschoolers make up 5.22% of American school students

**Adoption of immersive learning technologies** including VR/AR, hybrid learning environments and specialised web-conferencing tools

FIGURE 19
EDTECH PUBLIC SECTOR VALUATIONS, 2018-2023





*Notes:*
*- Public peer group constituents are: 2U, Aidemy, Blackbaud, Chegg, Coursera, D2L, Docebo, Duolingo, Globee, Instructure, Learning Technologies Group, PowerSchool, ReadyTech, SkillSoft.*
*- TTM EV/EBITDA multiples > 60x are deemed to be not material and have been removed from the data set.*

FIGURE 20
NOTABLE DEALS, 2023

| Target | Buyer | Month | Target Description | Buyer Description | Deal Value | EV/ Revenue | EV/ EBITDA |
|---|---|---|---|---|---|---|---|
| Kahoot! | General Atlantic, Goldman Sachs, KIRKBI | Jul 23 | Game-based learning platform | Private Equity | $1.7bn | 9.1x | n.a. |
| arco | General Atlantic | Aug 23 | Pedagogical e-learning platform | Private Equity | $1.5bn | 3.9x | 9.3x |
| n2y | Five Arrows Principal Investments | Apr 23 | Pre-K-12 education platform | Private Equity | $1.0bn | n.a. | n.a. |
| parchment | INSTRUCTURE | Dec 23 | End-to-end credentials support | Learning Management System | $0.8bn | n.a. | n.a. |

## Notable Transactions

The largest EdTech deal in 2023 was the $1.7bn take-private acquisition of Kahoot!, led by Goldman Sachs' asset management arm, General Atlantic, and KIRKBI. The acquisition offer represented a 53% premium to the closing price on the Oslo Stock Exchange on May 22, prior to the disclosure of the co-investors' stock positions.

Another take-private deal came in second position – the acquisition of Arco by General Atlantic for $1.5bn. Arco's shareholders received $14.00 per Share in cash, representing a premium of approximately 38% to the volume-weighted average trading price of the shares during the 30 trading days prior to the disclosure of the bidder's proposal.

A third EdTech transaction surpassed the $1bn threshold in 2023 – the acquisition of n2y by Five Arrows, for $1bn. Previously owned by Providence Private Equity, Five Arrows' new investment is expected to help n2y broaden the platform's solution offerings, untap new markets and expand their reach to impact even more children.

## Active Buyers

General Atlantic, a leading global growth equity investor, was involved in the two largest EdTech transactions of the year — Kahoot! and Arco — alongside two strategic add-on deals involving Accountants Academy and Vklass.

Paper, a Canada-based on-demand Educational Support System (ESS) provider, emerged as the most active strategic buyer with three US acquisitions: MajorClarity, Figure, and Readlee.

Five Arrows continued to be active in this space with the $1bn acquisition of n2y, as well as the acquisition of Svensk Talteknologi as an add-on to its portfolio company, Texthelp.

Several financial investors, including Gauge Capital, Alpha Leonis, and Alpine, as well as BV, Flexstone, and TPG, directed their focus on portfolio enhancement through bolt-on acquisitions within their platform companies.

Meanwhile, strategic investors Albert, PowerSchool, and Noodle expanded their presence through multiple acquisitions in the sector, reinforcing their positions and capabilities in the industry.

# Sustainability

Sustainability technologies continue to shape the global landscape as innovative solutions emerge to address pressing environmental challenges and a tightening legal framework. In 2023, sustainability tech startups secured $83bn of VC & Growth Equity funding, down from the $102bn raised in 2022 but against challenging market conditions.

With an estimated 68% of the world's population to live in urban areas by 2050, up from 54% in 2016[1], Smart Cities technologies are becoming instrumental in urban planning. The adoption of IoT devices, data analytics, and a commitment to a more circular economy is helping cities to reduce energy consumption and improve waste management.

The energy transition sector garnered notable interest with significant advancements in carbon capture technologies and major breakthroughs in nuclear fusion, notably with the recent achievement of nuclear ignition, where more energy is generated than consumed in a nuclear reaction. Although practical large-scale applications are expected to take years, if not decades, to materialise, these developments underscore the dynamism and potential of sustainability technologies in reshaping our global future.

## Market Trends in 2023

With 3 new regulations implemented in 2023 (ESRS, ISSB, CBAM), a **tighter legal framework forces businesses to adopt transparent sustainability reporting and strategies**

**Data analytics and AI are revolutionising how environmental and social impacts are measured and managed**, enabling companies to gain insights, identify risks, and make real-time data-driven decisions

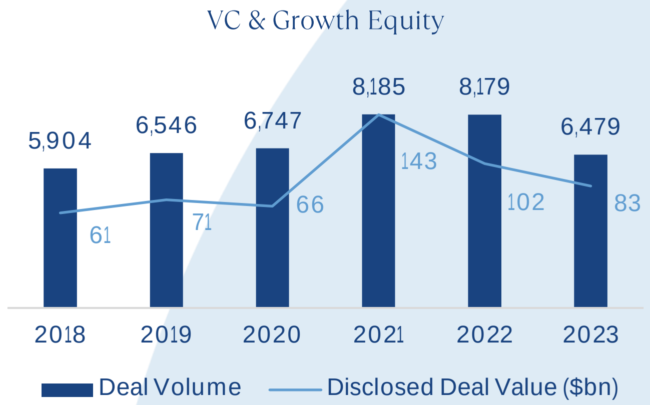
**CleanTech** sector grows rapidly and is forecasted to reach **$650bn by 2030**, more than three times 2023 levels

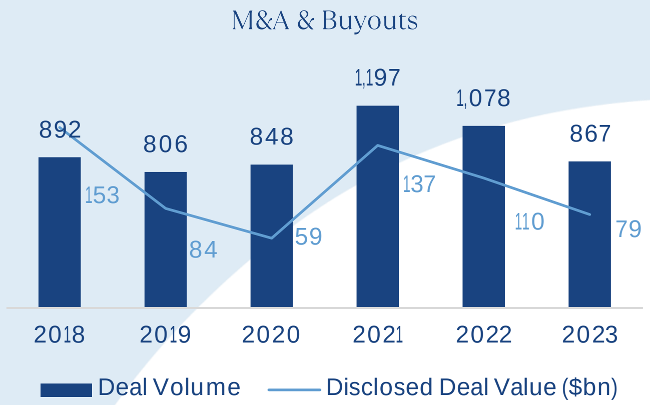
**CCUS** (Carbon Capture, Utilisation, and Storage) **projects** multiply and are expected **to rise more than sevenfold by 2030**

Increasingly **conscious consumers are demanding ethical and sustainable practices** from businesses, and the ones that follow suit gain a competitive edge

**AgTech becomes central to ensure sustainable food supply with** technologies like vertical farming and precision agriculture

FIGURE 21
SUSTAINABILITY M&A AND CAPITAL RAISING ACTIVITY, 2018-2023




*Note:*
*Sectors included are: ClimateTech, CleanTech, AgTech, MobilityTech, Smart Cities, Energy Transition, Water-related Technologies, and Waste Recycling Technologies.*
*(1) Source: United Nations*

FIGURE 22
NOTABLE DEALS, 2023

| Target | Buyer | Month | Target Description | Buyer Description | Deal Value | EV/ Revenue | EV/ EBITDA |
|---|---|---|---|---|---|---|---|
| COPELAND | Blackstone | May 23 | Climate technologies | Private Equity | $14bn | 2.8x | n.a. |
| energy harbor | VISTRA | Mar 23 | Carbon-free power producer | Power producer & retail energy provider | $6.3bn | n.a. | n.a. |
| SG 세기리텍 | KPS | Mar 23 | Battery recycling | Electronics manufacturer | $4bn | n.a. | n.a. |
| Carbon Engineering | OXY | Aug 23 | Carbon capture technology | Energy exploration & production | $1.1bn | n.a. | n.a. |

## Notable Transactions

Blackstone led the only mega deal in the space with the $14bn acquisition of Copeland, a sustainability-focused HVACR technology and cold-chain solutions provider. The company plans to leverage the new shareholding to extend the firm's leadership position in the industry and develop new and integrated climate technology solutions.

In March 2023, Energy Harbor reached a definitive agreement to be acquired by publicly-listed Vistra for more than $6bn. This combination creates a leading integrated retail electricity and zero-carbon generation company with the second-largest competitive nuclear fleet in the US.

KPS Corporation completed the $4bn acquisition of Segi Regtech, a used lead and batteries recycling specialist. Since then, the company struck a deal with Samsung to recycle secondary batteries discarded from 7 South Korean sites.

Carbon Engineering, a Direct Air Capture (DAC) provider, was acquired by Oxy for $1bn in August 2023. The acquisition aligns with Oxy's net-zero strategy and is poised to accelerate the global deployment of cost-effective, large-scale carbon removal solutions.

## Active Buyers

Environmental 360 Solutions, a waste management and recycling services provider, was the most active strategic acquirer in the space with 13 acquisitions in 2023. This includes 9 acquisitions made after the company was acquired by BlackRock in February 2023.

Eco Eridania was also an active strategic acquirer in the waste management space with 5 acquisitions in 2023. In the energy sector, TotalEnergies was an active strategic acquirer with 5 transactions in various verticals including renewable energy, plastic recycling, EV charging, hydroelectric power plants, and crop management solutions.

Financial acquirers were also very active in the space with 2 platform investments from iCON Infrastructure in the renewable energy sector, 2 from Bpifrance in waste management and sustainability software, and 2 from CDPQ in the water treatment and renewable energy sectors.

The Carlyle Group leveraged its existing portfolio and supported 6 add-on acquisitions in 2023 ranging from AgTech, CleanTech, to Software and MobilityTech. Further financial investors have been active in terms of add-ons, with 3 for iCON Infrastructure, 3 for KKR, and 3 for Ares Capital.

# 05

# Buyer Landscape

# Buyer Landscape – Tech & Media

## Technology & IT Services

cognizant, CISCO, vmware, CentralNic, IBM, Palantir, Microsoft, Akamai, <epam>, Globant, VISMA, THALES, endava, banyan SOFTWARE, ATLASSIAN, ORACLE, BIGIT, CGI, HARRIS, paloalto NETWORKS, BROADCOM, TECH mahindra, Alphabet, opentext, Infosys, DELL, wipro, NVIDIA, NTT, hp

## Marketing & Communications Networks

HAVAS, OmnicomGroup, dentsu, WPP, IPG, PUBLICIS GROUPE, NEXT15, STAGWELL, SERVICEPLAN, HYPE SNAGGER, ENDEAVOR, INNOCEAN, BETTER COLLECTIVE, HAKUHODO, DIGITAL 360 EMPOWERING INNOVATION, gravity GLOBAL, MIROMA GROUP, TEAM FARNER, markettiers4DC GROUP OF COMPANIES

## Private Equity

PROVIDENCE EQUITY PARTNERS, EQUISTONE, KKR, THOMABRAVO, Blackstone, ARES, Bridgepoint, SILVER LAKE, BainCapital, Vespa Capital, LDC, inflexion PRIVATE EQUITY, Apax, VISTA EQUITY PARTNERS, CARLYLE, WATERLAND PRIVATE EQUITY INVESTMENTS, ARDIAN, astorg, Five Arrows, CVC CAPITAL PARTNERS, H.I.G. GROWTH PARTNERS, LEVINE LEICHTMAN CAPITAL PARTNERS, BOWMARK CAPITAL, TPG, TOWERBROOK, EAGLETREE CAPITAL, STG SYMPHONY TECHNOLOGY GROUP, charterhouse, LIVINGBRIDGE, TA ASSOCIATES, CDPQ, MARLIN EQUITY PARTNERS, FP FRANCISCO PARTNERS, NMC New Mountain Capital, LEE EQUITY, TENZING, Hg, ALPINE, EQT, CNBB, GENSTAR CAPITAL, HORIZON CAPITAL, AMULET CAPITAL PARTNERS, 424 CAPITAL, GraphiteCapital, SOVEREIGN CAPITAL PARTNERS, BAIRD, MB FUNDS, gcp, EMERAM CAPITAL PARTNERS, Charlesbank, KEENSIGHT CAPITAL, ERIE STREET, ALEPH, AEA, JMI EQUITY, SUNSTONE PARTNERS

## Digital Challengers & Consolidation Platforms

DEPT
Valtech
the brandtech group
S4 Capital
MiQ
tinuiti
SQLI Digital Experience
Reply
Labelium
azerion
Reworld Media
NoA The North Alliance
Sideshow Group.
brainlabs
Assist Digital
Cadastra
plus company
IO
onemagnify

## Strategic Consulting

accenture
BCG
Capgemini
pwc
ICF
KPMG
EY
McKinsey & Company
Bain & Company
Deloitte.
Capita
FTI Consulting
Morrow Sodali
Booz | Allen | Hamilton
OliverWyman
Argon&Co
LEK
Yonder
PA
InSites Consulting
EMB Group

## Health & Wellness-specific

Syneos Health
iNIZIO
Real Chemistry
IQVIA
VCLS
Lockwood
Avalere
ICON
Open Health
prime
Herspiegel
LUCID Group
NAMSA
Lumanity
Spectrum
QBE Group
NaviMed Capital
WebMD
MMIT

## Sustainability-specific

Anthesis
CuraTerrae
SLR
dss+
rps
Sedex
Quantis
ecoact
PUR
RSK
Futerra
Arcadis
Cundall
McGrady Clarke
Arup
Tetra Tech
Inogen Alliance
ERM

## Ciesco

Ciesco is a leading specialist M&A advisory firm with a focus on the Technology, Media, Healthcare and Sustainability sectors.

Headquartered in London, Ciesco offers a unique combination at the partnership level of senior-level industry practitioners and sector specialist investment bankers. This enables an extensive network of contacts and strong relationships that reach into organisations worldwide at C-suite sponsor levels.

We are well-regarded in the market for our specialist advice derived from our deep understanding of the sector, industry and buyer landscape insights, and execution expertise.

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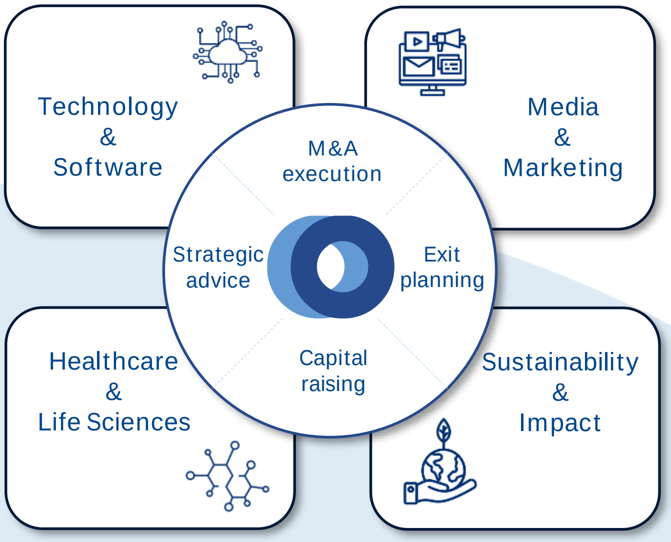
## Sector-specialist advisory




## Select deal highlights

Element 34 Solutions
sale to
banyan software
Enterprise software/ Global software group

MediaPath
sale to
ebiquity
Media consultancy/ Media consultancy (public)

accenture
joined forces with
SPARK44
Professional services (public)/ Marketing services

NETZKERN
sale to
AVEDON Capital Partners
Digital experience services/ Private Equity

cognite
sale to
Vespa Capital
Pharma strategy & comms/ Private Equity

RIGHTSPEND
sale to
LDC
Procurement Technology/ Private Equity

MAVENS of London
sale to
KANTAR
Data consultancy/ Market Research (PE-backed)

SERVICEPLAN
acquired
Pereira O'Dell
Marketing Communications / Digital creative services

SHOOSMITHS

## Corporate

Shoosmiths is a UK firm with an international reach and is recognised as a leading innovative law firm with deep sector and industry knowledge.

With specialists across the firm's core sectors including, technology, financial services, energy and infrastructure, living and mobility, Shoosmiths is uniquely placed to meet the demand of its clients and challenges they face with the evolution of technology in their chosen markets.

The award-winning corporate team continues to operate across the mid-market and delivers a complete range of services within PE, M&A, ECM and the VC sectors. The firm advises on deals both in the UK and cross-border and the firm's clients include founders, management teams, corporates and institutional sponsors.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## Key Facts

- UK Law Firm of the Year, The British Legal Awards 2023
- 80 + private equity transactions executed since 2022
- 120 + M&A deals executed since January 2022
- Most active law firm advising on M&A deals across the UK, Experian Market IQ H1 – 2023
- Aggregate private equity deal value of more than £5.4bn since 2022
- Top 5 active law firm in UK private equity transactions, PitchBook H1 - 2023

*" Against a backdrop of uncertainty driven by a challenging macro environment, 2023 has seen another buoyant year for the firm, particularly in our mid-market PE and M&A transactions. We continued to advise our clients on significant deals across their key sectors, and our outlook for 2024 remains positive with our clients continuing to raise new funds and seeking to deploy capital."*

Kiran Dhesi, Shoosmiths

## Recent deal highlights

PROXIMITY DATA CENTRES

Advising **Edge Data Centres** on its sale to **nLighten**, a digital infrastructure platform of investor, **I Squared Capital**

isms.online

Advising the shareholders of **ISMS.online** on the exit to **ECI Partners** and management on their re-investment

n2y

Advising **Five Arrows Long Term Fund** and **Five Arrows Principal Investment** on the acquisition of **n2y**

4ways tele-diagnostics, your way

Advising management of 4ways Diagnostics on the exit of **ECI Partners** and roll over acquisition by **EQT** backed **Evidia**

Churchill Group

**Churchill Group** on the exit of **Soho Square Capital** and on becoming an Employee Ownership Trust

CLC GROUP

**The Armitage Family Trust**, and **management** of **CLC Group** on its sale to **H.I.G Capital**

VEGNER GROUP

Advising **Harwood capital** on its exit of **Vegner Group** to **Odevo**

Mintec

Advising **Mintec**, a portfolio company of **Five Arrows Principal Investments** on the acquisition of **AgriBriefing**

# 2023 Global M&A Review & 2024 Outlook

The report provides an overview of global M&A deal activity in 2023 within the Technology & 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.

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.

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