



2025 Middle-Market

M&A Outlook

IT SERVICES & DIGITAL MARKETING



Client, Partners, Friends

In the blink of an eye, 2025 roared onto the main stage -- but 2024 was still quite a journey. We held our 59th US presidential election, the privatized space race continues to heat up, new market highs, lowering interest rates, global geopolitical tensions, GPT-4o, the first NFL game in South America, and so much more. Below, we analyze trends emerging in 2025, the general outlook for M&A, and reflect on top transactions.

Looking back at 2024

During 2024, **IT ExchangeNet** closed deals in the MSP, VAR, Cloud, ERP, and CRM sectors, and most notably expanded further into representing Digital Marketing firms. We helped our clients successfully exit to private equity firms, strategic buyers, and private equity-backed strategic buyers.

As we track developments in IT ExchangeNet's broader focus on tech-enabled businesses, the lines are becoming blurred between Big Data and AI Agents, finance and FinTech, marketing and digital marketing firms, healthcare and digital healthcare, insurance and InsurTech, just to name a few. Buyer appetite is pulling us at blinding speeds in this direction of ITs continued expansion.

Let's Talk

Interested in selling your IT or Digital Marketing firm? Let's talk.

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Top IT Services Deals of 2024

KKR Acquires VMware's End-User Computing Division

- Value: \$4 billion.
- Broadcom's 2023 VMware acquisition spurred this divestiture, with KKR turning the division into a stand-alone business focused on digital workspace solutions.
- Closed: 1Q24



Thoma Bravo Acquires Darktrace

- Value: \$5.3 billion.
- Darktrace, a leader in cybersecurity AI technology, enhances Thoma Bravo's stronghold in the cybersecurity sector.
- Closed: 2Q24

Ntiva Acquires The Purple Guys

- Value: \$5.3 billion.
- The company will now have a significant nationwide footprint, covering critical markets across the U.S.
- Closed: 2Q24

Sophos Acquires Secureworks

- Value: \$859 million
- Sophos looks to strengthen its product lineup for enterprise customers with this purchase from Dell Technologies.
- 1Q25 expected close

Accenture Acquires Navisite

- Value: Undisclosed
- Added 1,500 employees to scale Accenture's infrastructure and managed services for AI and cloud transformations.
- Closed: 1Q24

2024's **BIG WINNER**

Microsoft

Microsoft solidified its dominance in AI with the further rollout and success of Copilot across Office 365 and Azure services, positioning itself as an indispensable player in enterprise productivity. Its strong channel relationships and integration of AI into its tools made it the top choice for businesses adapting to generative AI technologies.

Top Digital Marketing AdTech Deals of 2024

Omnicom Group Acquires Interpublic

- Value: \$13.25 billion
- Omnicom execs said they had “clearly identified opportunities” for \$750 million in annual cost savings.
- 2025 expected close

Publicis Groupe Acquires Influential

- Value: \$500 million
- Adding client history from influencer-marketing campaigns with industry giants such as Hilton, Walt Disney Co.’s Hulu, and McDonald’s.
- Closed: 3Q24

Teads and Outbrain Merge

- Value: \$1 billion
- Meger strengthens their position as an alternative to large advertisers like Google and Facebook by offering advertisers access to the open internet.
- 1Q25 expected close

Semrush Acquires Third Door Media

- Value: Undisclosed
- The acquisition enhances Semrush's content and educational resources in the digital marketing space.
- Closed: 4Q24



Yext's Acquires Hearsay Systems

- Value: Undisclosed
- The acquisition aims to create a single digital marketing platform to power the customer journey and accelerate brands' prospect conversion.
- 1Q25 expected close

DOE Media Acquires Chappell

- Value: Undisclosed
- The acquisition will strategically expand its digital marketing services, particularly within the fast-growing TikTok ecosystem, where Chappell Digital Marketing has established itself as an industry leader.
- Closed: 4Q24

2024's AdTech BIG WINNER

Podcasts

In 2024, podcasts became a powerful tool in political advertising, playing a key role in shaping the presidential election. Recognizing the medium's vast reach and deeply engaged audiences, candidates strategically appeared on prominent shows. Among the most notable moments was President-elect Donald Trump's guest appearance on "The Joe Rogan Experience."

Trends for 2025

The IT services and Digital Marketing sectors in the lower-middle market are poised for continued dynamic growth, driven by digital transformation, cloud adoption, cybersecurity threats, and a growing reliance on technology. This dynamic environment will shape M&A activity, presenting opportunities and challenges for businesses in this space.

Consolidation

We expect to see continued consolidation across the IT services and Digital Marketing landscapes. Larger players will acquire smaller, specialized firms to expand their service offerings, enhance their technical capabilities, and gain access to new markets and talent. This trend is particularly evident in areas like managed services, cybersecurity, cloud solutions, and Digital Marketing, where specialized expertise is highly valuable.

Cybersecurity

Cybersecurity remains a top priority for businesses of all sizes. M&A activity will focus on acquiring companies with strong cybersecurity capabilities, including threat detection and response, data protection, and compliance. Look for increased cyber-attacks to prompt responses from all businesses.

Channel Partners

Strong channel partnerships are crucial for reaching new markets and expanding customer bases. M&A activity will focus on acquiring companies with established channel partner networks or those with strong relationships with technology vendors.



Cloud-Native Services

As businesses increasingly migrate to the cloud, demand for cloud-native services will continue to grow. M&A activity will focus on acquiring companies with expertise in cloud migration, cloud optimization, and the development of cloud-based applications.

Artificial Intelligence (AI) and Machine Learning (ML)

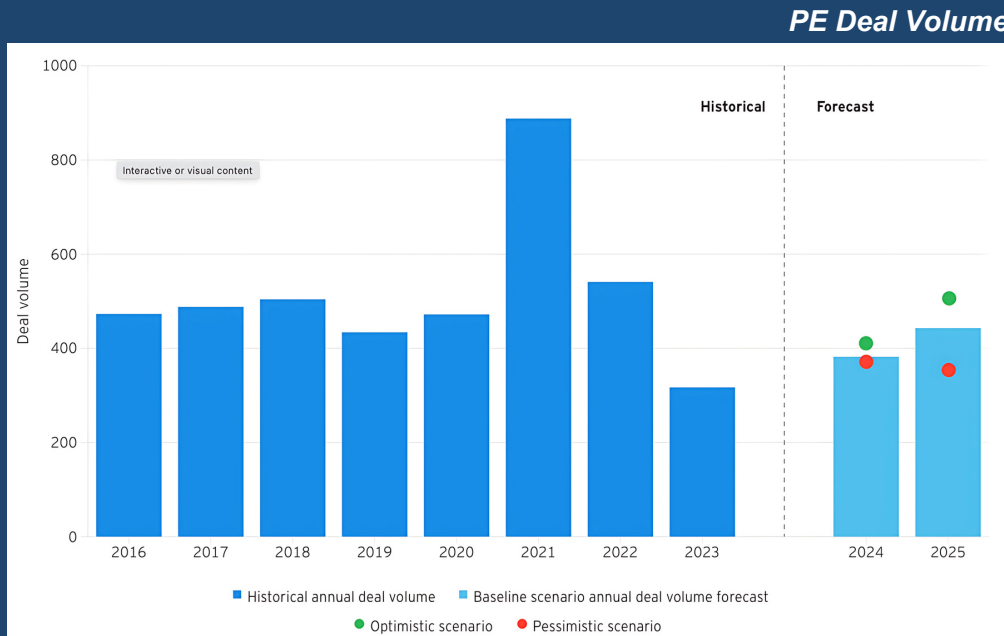
AI and ML are transforming the IT landscape, enabling businesses to automate tasks, improve decision-making, and gain valuable insights from data. M&A activity will focus on acquiring companies with AI/ML expertise to develop and deliver innovative solutions, such as AI-powered security solutions, predictive maintenance, and intelligent automation.

Managed Services

The demand for managed services continues to grow, as businesses outsource IT functions to focus on their core competencies. M&A activity will focus on acquiring companies with strong managed services capabilities.

M&A Outlook for 2025

The global M&A landscape in 2025 is poised for continued growth, driven by a confluence of factors. In recent reports, Goldman Sachs and EY anticipate a dynamic year, fueled by abundant liquidity, strategic imperatives, and technological advancements. While promising opportunities abound, navigating the geopolitical and economic landscape will be crucial for success.



Source: EY

Low interest rates and strong corporate balance sheets are creating a surplus of cash ("dry powder") for potential acquirers. This fuels a competitive environment for deals, with companies deploying capital to achieve growth objectives.

Strategic Drivers and Sectoral Focus

Both reports identify strategic considerations as a key driver for M&A activity. Companies are increasingly looking to M&A to achieve goals such as:

- **Market Expansion:** Entering new markets or customer segments.
- **Technology Acquisition:** Acquiring new technologies to stay competitive.
- **Innovation:** Driving innovation through strategic partnerships and acquisition.
- **Shareholder Value:** Creating accretive value for shareholders through M&A.

Sectoral trends highlighted by Goldman Sachs include Cloud computing, AI, cybersecurity, and clean technology.

Cross-Border Deals

Both reports anticipate a rise in cross-border M&A activity as companies seek global expansion.

Potential Challenges

While the outlook is optimistic, both reports acknowledge potential headwinds:

- **Geopolitical Tensions**
- **Regulatory Scrutiny**
- **Valuation Fluctuations**

Despite potential challenges, both Goldman Sachs and EY paint a picture of a dynamic M&A landscape in 2025.

Companies looking to engage in M&A should carefully consider these factors and develop a strategic approach to navigate the market and achieve their objectives.

Five Reasons to be a Buyer

1. Acquiring complementary businesses help IT services providers **expand their service** offerings, increase revenue streams, and improve competitiveness.
2. Acquisitions help IT services providers **gain market share** in specific geographic regions or industry verticals.
3. Acquiring companies with specialized technologies or expertise help IT services providers **stay ahead of the curve** and offer innovative solutions to their customers. Examples include acquiring skills in AI, cybersecurity, and managed services.
4. Acquisitions help **improve profitability** by increasing revenue, reducing costs, and improving operational efficiency.
5. Acquisitions **strengthen management teams** as senior managers transition from the seller to the buyer's leadership team.



Acquisitions offer several strategic advantages. By acquiring complementary businesses, they expand service offerings, increase revenue streams, and gain a competitive edge. Market share can be expanded, allowing providers to enter new regions or industry verticals. By streamlining operations and leveraging the talent, acquisitions can improve profitability and strengthen management teams.

Selling your SBA-Designated Business

The SBA issued a significant rule change that profoundly impacts the government contracting landscape for SBA-designated businesses. The new rule severely impacts the value of your business if acquired by a large company after January 17, 2026.

To learn more about why to sell your SBA-designated business in 2025, [read our post](#).

About Us

Founded in 1998, IT ExchangeNet is a global M&A consultancy specializing in lower mid-market mergers and acquisitions within the IT and Digital Marketing industries. Our focus lies in partnering with leading channel partners like Microsoft, Oracle, Salesforce, and ServiceNow, as well as MSPs, MSSPs, and Digital Marketing agencies.

With an extensive buyer database of over 90,000 IT and Digital Marketing decision-makers, we identify strategic matches for sellers valued under \$30 million.

IT ExchangeNet has been honored as one of Axial's Top 25 Lower Middle Market Technology M&A firms in the United States and among the Top 25 Business Services M&A firms.

Our Leadership



Tim Mueller
Managing Director



Amanda Haws
Marketplace Director



Joan Cook
Marketplace Director



Dylan Tober
Development Mgr.



Matt Olson
Business Development

Giving Back: “If you can, you must.”

IT ExchangeNet demonstrates a strong commitment to Corporate Social Responsibility (CSR) within the Cleveland community, operating under the inspiring motto: “*If you can, you must.*”

This commitment is evident in their active support of the Cleveland Kids' Book Bank and EDNA House, organizations that undoubtedly make a significant positive impact on the lives of Cleveland residents.

By partnering with these organizations, IT ExchangeNet not only fulfills its social responsibility, but also fosters a positive company culture that values giving back to the community.

This approach aligns with the growing recognition of the importance of CSR in building strong and sustainable businesses.

The unintended consequence: Our CSR program helps attract and retain top talent, demonstrating to employees and the wider community that **IT ExchangeNet** is more than just a stellar M&A firm - it is a responsible corporate citizen dedicated to making a positive impact on the world.

Consider adding our motto to your everyday life: If you can, you must.



Testimonials



Javier Gomez
CEO, Dynamic Quest

"Once we decided to sell, IT ExchangeNet did a great job identifying an exceptional set of buyers for our fast-growing MSP. They introduced us to a focused subset who knew the MSP space well and were a strong cultural fit for our team. Their well-organized process kept us on track and exceeded our expectations on transaction value."

Sold his Microsoft Practice /MSP to Spire Capital



Grant McLarnon
CEO, Adoxio

"Working with ITX was methodical and strategic. Their team is highly respected among Microsoft Channel buyers, generating interest from nearly 50 qualified prospective acquirers. KPMG was the best fit for Adoxio, and we were incredibly pleased with the entire set of buyers introduced to us by IT ExchangeNet."

Sold his Microsoft Dynamics CRM business to KPMG



Connie Tang
CEO, ComputerLand

"We are confident we found the ideal partner in ISSQUARED to ensure the continued success of our employees and customers. IT ExchangeNet's expertise in identifying more than 60 qualified buyers, and managing the sales process was instrumental in achieving this successful outcome."

Sold her MSP/MSSP to IS SQUARED



Testimonials



Earl Overstreet, II
CEO, General
Microsystems (GMI)

"GMI's unique demographics, and our emphasis on an ideal fit, made for a challenging process. ITX utilized their extensive network to identify dozens of qualified buyers for GMI, resulting in a merger with nVision. The ITX team was patient, professional, and resourceful. ITX was an excellent choice for use. Their results exceeded our high expectations."

Sold his MSP/Cloud Services business to nVision



Ian Pavlik
CEO, pavllks.com

"IT ExchangeNet not only provided us with options for our Software-as-a-Service business, but their process provided structure to the entire transaction."

We are excited for our future with Sylogist and thankful ITX's team was able to work out a favorable deal."

Sold his Software-as-a-Service business to Sylogist



Rick Brown
CEO, Rock Solid
Technologies

"In my opinion, ITX has one of the most comprehensive networks of buyers in the industry for Microsoft Channel Partners. As a software products business, with a large Microsoft Dynamics practice, ITX generated interest from nearly 50 qualified buyers. My business partners and I were overwhelmingly satisfied by the favorable outcome."

Sold his Microsoft Dynamics business to Strattam Capital



Sources

Featured Transactions:

- **Sophos & Securework** - https://www.reuters.com/markets/deals/thoma-bravo-backed-sophos-acquires-secureworks-859-mln-strengthen-its-security-2024-10-21/?utm_source=chatgpt.com
- **DOE Media & Chappell Digital Marketing** - <https://www.accesswire.com/957792/untitled-press-release>
- **Yext & Hearsay Systems** - https://www.pymnts.com/acquisitions/2024/yext-to-expand-digital-marketing-platform-with-hearsay-systems-acquisition/?utm_source=chatgpt.com
- **Ntiva & The Purple Guys** - <https://www.purpleguys.com/partnership-with-ntiva/>
- **KKR & VMware's End-User Computing Division** - https://media.kkr.com/news-details?news_id=48701629-ae4d-4d88-b1a9-90a438c6bf6c
- **Thoma Bravo & Darktrace** - <https://www.thomabravo.com/press-releases/thoma-bravo-completes-acquisition-of-darktrace>
- **Accenture & Navisite** - <https://newsroom.accenture.com/news/2024/accenture-to-acquire-navisite-to-help-clients-modernize-and-reinvent-their-businesses-with-cloud>
- **Omnicom & Interpublic Group** - <https://www.omnicomgroup.com/newsroom/omnicom-to-acquire-interpublic-group-to-create-premier-marketing-and-sales-company/>
- **Publicis Group & Influential** - <https://www.publicisgroupe.com/sites/default/files/press-releases/2024-07/publicis-groupe-to-acquire-influential-creating-world-s-leading-influencer-marketing-solution.pdf>
- **Teads & Outbrain** - <https://www.teads.com/teads-outbrain-merge/>
- **Semrush & Third Door Media** - <https://thirddoormedia.com/news/semrush-acquires-third-door-media/>