

ANZ IT M&A Pulse: A \$177.2 Billion Market Opportunity and M&A Activity Trends in 2024 and Beyond

June 2024

About Technology Holdings

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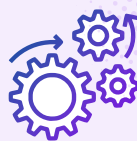
Consultancies



Healthcare &
Lifesciences



Business Process
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Engineering
Services

LONDON

NEW YORK

SAN JOSE

MID-WEST

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SWEDEN

MUMBAI

NEW DELHI

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Introduction

This report from Technology Holdings, offers an in-depth exploration of the dynamic **Information Technology (IT)** services and software landscape in the Australia and New Zealand (ANZ) region, covering key trends and strategic growth initiatives.

This report not only quantifies the financial pulse of the ICT sector through market valuations and revenue analysis of top-tier publicly listed companies, but it also chronicles the **digital evolution** propelled by **Government initiatives**, positioning ANZ as a **pivotal hub for global investment** and a crucible for digital transformation.

A comprehensive **M&A section** analyzes the **technology services and software sectors** in ANZ region. Detailing transaction volumes and trends, the report examines the strategic undercurrents of M&A activities within the region, covering:

- **M&A deal activity by buyer type**
- **M&A deal activity by target’s employee size**
- **M&A deal activity by target’s industry focus**
- **M&A deal activity by rationale**
- **M&A deal activity by country, with a focus on growing competitiveness in ANZ region**

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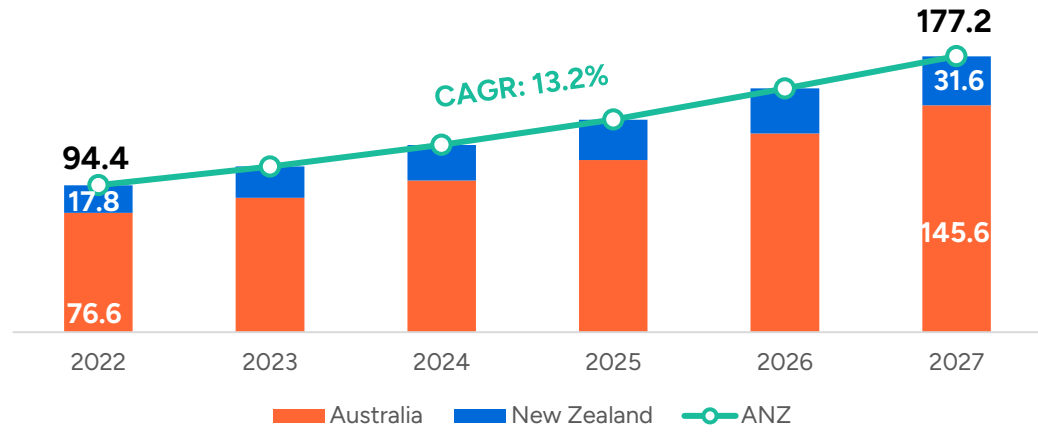
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Market Snapshot: ANZ IT Services and Software Market: A\$177.2 Billion Opportunity

- **Robust Growth:** The ANZ enterprise ICT market was valued at **A\$ 94.4 Billion** in 2022 and will grow at a **CAGR of 13.2%** to reach a **A\$177.2 Billion** by 2027, driven by digital technologies such as cybersecurity, artificial intelligence, robotics, and healthcare IT
- **Global Investment Hub:** Major global tech brands like **Avaya, Canon, and IBM** have chosen Australia for product development (R&D) facilities, emphasizing its strategic importance
- **Government-led Digital Drive:** Initiatives for **AI skills, SME resources**, and product development underscore Australia's commitment to digital transformation
- **Digital Transformation Surge:** Advanced tech like AI, cloud computing, and IoT drive market growth, with AI and big data adoption rising across sectors
- **Government Strategy:** The Australian Government's **Digital Economy Strategy 2022 Update** outlines its vision to become a **top 10 digital economy by 2030**, reinforcing its commitment to driving ICT market growth

FIGURE 1:
ANZ Region IT Services and Software Revenue Market (A\$ Billion)



High Growth Industries

1

Banking, Financial Services & Insurance

2

Healthcare & Life Sciences

3

IT and Telecom

4

Retail and E-commerce

KEY TECHNOLOGY ENABLERS

Artificial Intelligence

Cybersecurity

Robotics

IOT

Growth Projection:

A\$250 Billion

GDP by 2030

5 Tech Sectors Each Worth:

>A\$30 Billion

Business Software, Biotech, Medical Device, Design and Media & PayTech

Forecasted to grow to A \$177.2 Billion by 2027, the ANZ IT services, and software market presents expansive opportunities, powered by innovation and government-led digital initiatives

Emerging Trends in ANZ Technology Services: 2024 and Beyond

1



- **Cloud and Digital Adoption :** Swift advancement of cloud adoption and digital integration reshapes the Australian economic landscape

2



- **AI and Data Proficiency:** Australian entities adopt artificial intelligence and machine learning amid challenges in cultivating data literacy

3



- **Security Imperative:** Rising cyber incidents compel Australian businesses to prioritize robust security frameworks and organizational resilience

4

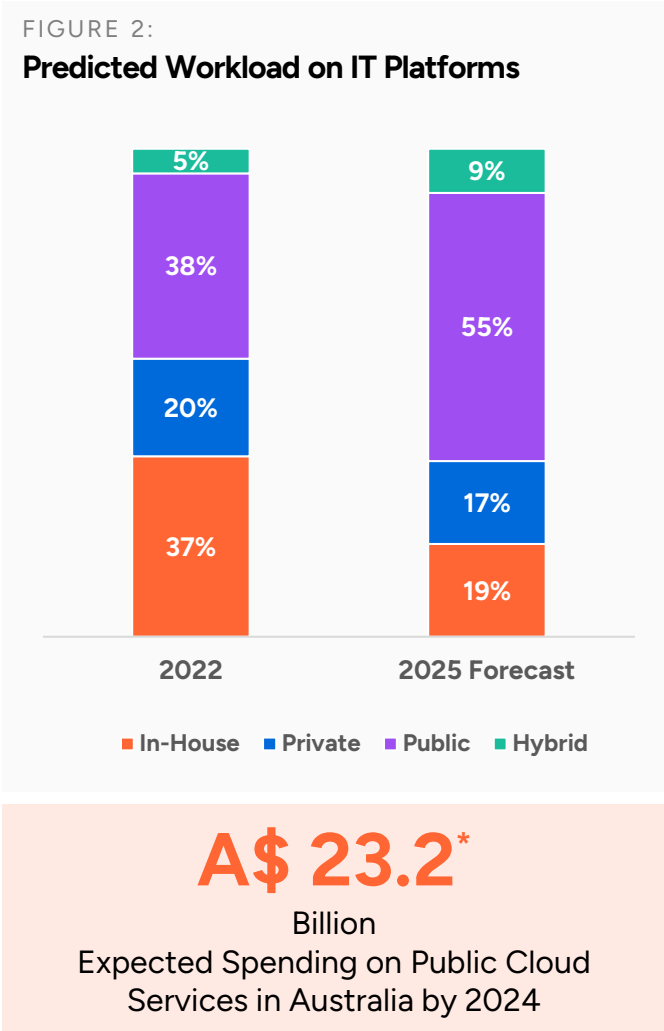
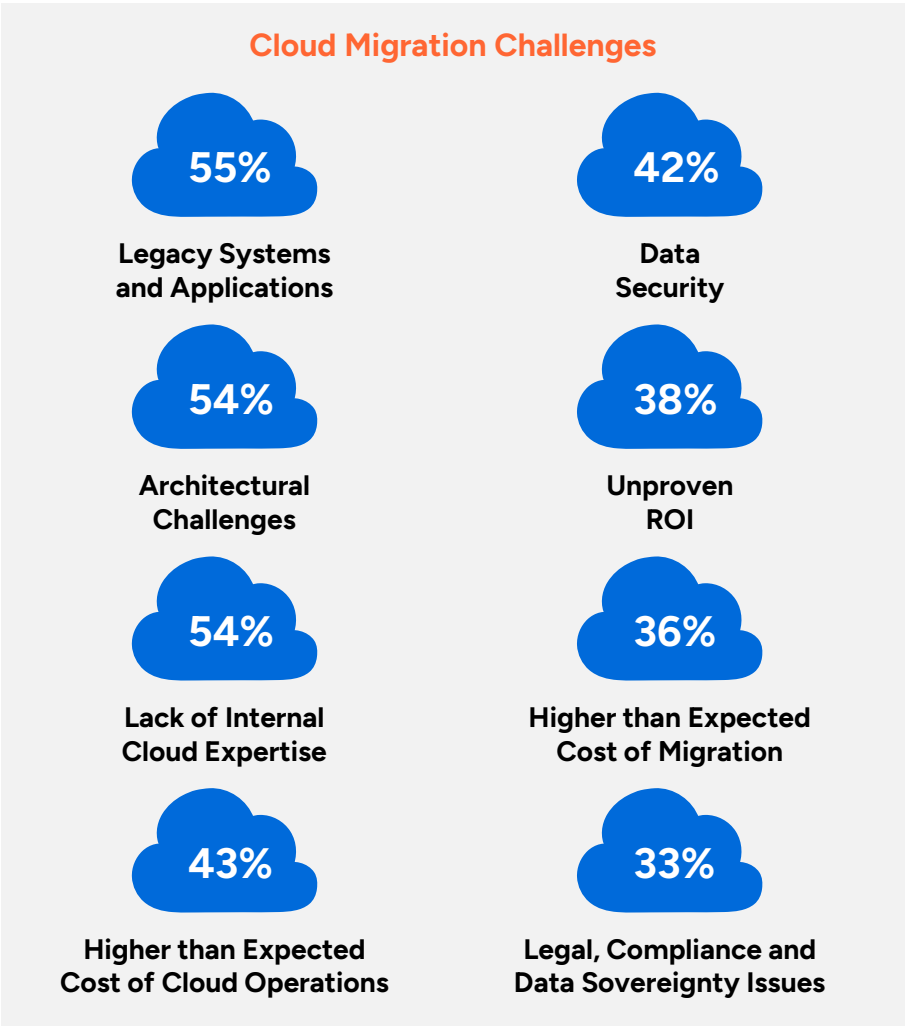


- **Sector-Specific Digital Overhauls:** Key industries including Manufacturing, Utilities, Agriculture, and Mining undergo profound digital transformations, streamlining operations and increasing efficiency

ANZ Tech Services Trends: As-a-Service rise, outcome-driven cloud adoption, AI governance focus, and digital sovereignty reshaping data management

Shifting Skies: The Cloud Migration Trajectory of ANZ Enterprises

- By 2025, **55%** of workloads in Australia will migrate to public clouds for **scalability** and **financial efficiency**
- **Flexibility, support for remote work**, and financial efficiency are key motivators behind the cloud migration trend
- A significant shift towards public clouds for **mission-critical** applications marks the future direction
- In 2023, **11% of Australian infrastructure** leaders aim to repatriate public cloud workloads, primarily in smaller organizations
- Highly modernized organizations currently host **67%** of their workloads in public clouds, showcasing the platform's adaptability
- Challenges like **entrenched legacy systems, architectural concerns**, and a **lack of in-house expertise** hinder cloud migration efforts
- The complexity of managing multi-cloud environments leads **18%** of organizations to adopt over five public cloud services, with some considering workload repatriation



Embracing innovation and overcoming challenges for a cloud-dominant future

AI Revolution: Australia's Strategic Leap into Generative AI & Machine Learning

- AI takes center stage in **enterprise IT for 2024**, offering new **business opportunities** and cost efficiencies
- Boards face risks with **public AI tools** after bans, necessitating careful evaluation for **industrial implementation**
- Private AI gains traction as enterprises seek to protect training data and ensure **data sovereignty**
- Private AI strategies emerge to **retain control over data**, with a focus on specific use cases
- Investment in Generative AI soars, particularly in Australia, due to its transformative potential across industries
- Amazon's **US \$100 Million AWS Generative AI Innovation Centre** reflects confidence in Generative AI's ROI potential
- A significant majority of Australian organizations are adopting **AI/ML, with deployment and piloting on the rise**
- **Data literacy** remains a challenge as **AI/ML technologies** become increasingly integrated into Australian enterprises

FIGURE 3:
Proportion of End-Users that have High Data Literacy

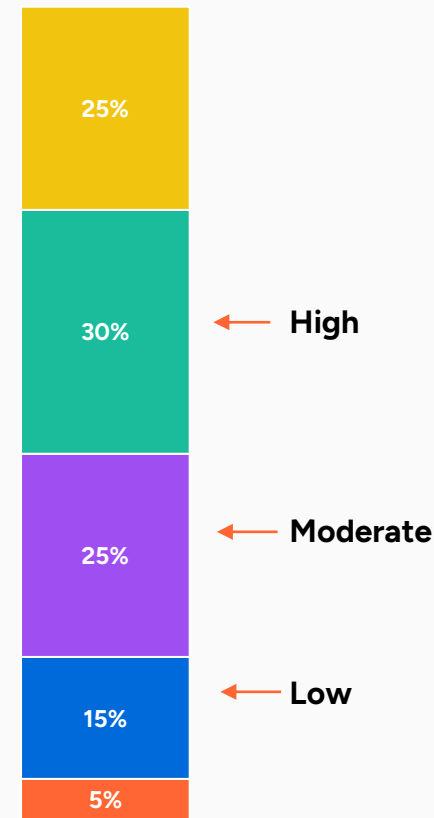
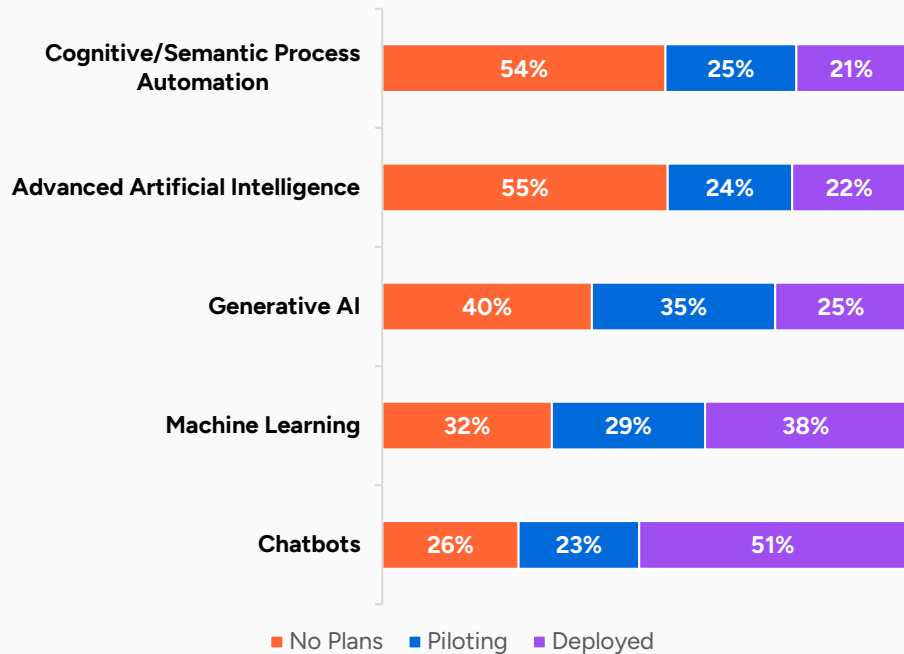


FIGURE 4:
Emerging Tech Implementation for AI Based Technologies



64%

Adoption Rate Of Generative AI in developed Asia-Pacific regions including Australia

Australia's commitment to AI innovation shapes the future of enterprise technology and data sovereignty

Navigating the Surge of Cyber Threats in Australian Enterprises

- **Rise in Spear Phishing:** 46% of Australian businesses targeted, emphasizing need for robust cyber defenses and employee training
- **Top Security Concerns:** Data Security (86%), Phishing/Social Engineering (82%), and Ransomware (76%) dominated CISO worries in 2023
- **Accidental Data Leaks Spike:** 43% of Australian organizations reported incidents, an increase from 35% in the previous year
- **CISOs' New Priorities:** Secure environments, enhanced resilience to risks, and improved operational effectiveness
- **2023 Federal Budget Focus:** Cyber security and public investment with significant technology upgrades and a Playtech \$101.6 Million cyber security fund
- **Government and Business Challenge:** Addressing high living costs and outdated infrastructure through budget-allocated ICT upgrades

FIGURE 5:
How Concerned are the Organizations with Each of the Following Security Threats ?

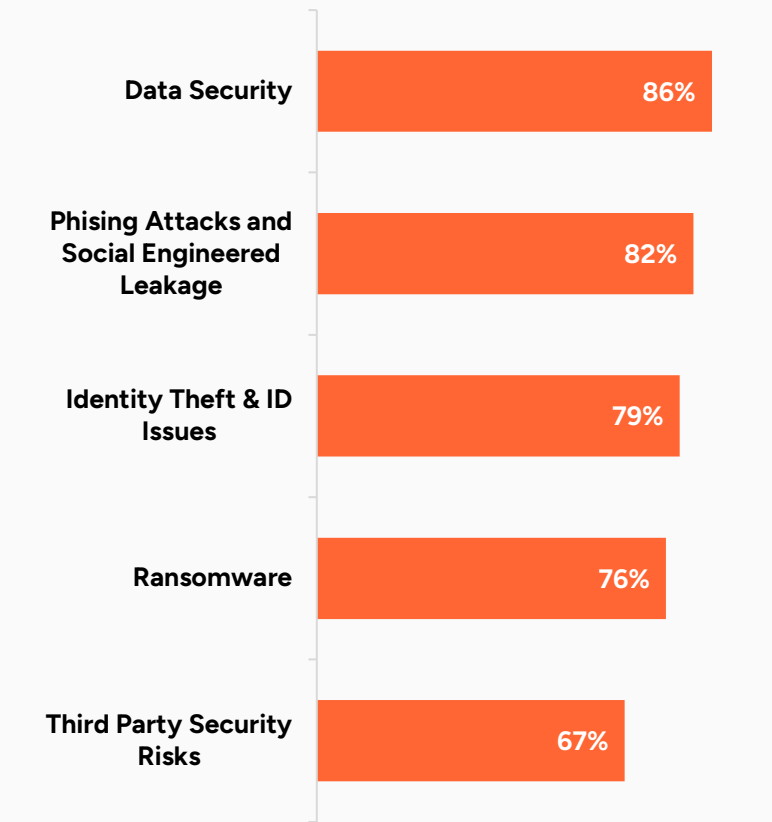
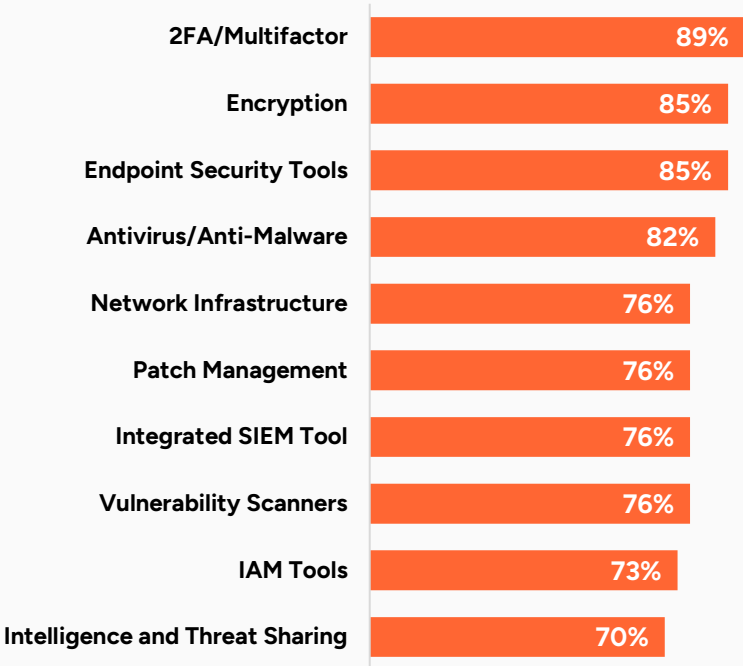


FIGURE 6:
Effective Technology in Combatting Threats in 2023



78%
Of global healthcare providers offering frontline services have reported at least one breach since 2021

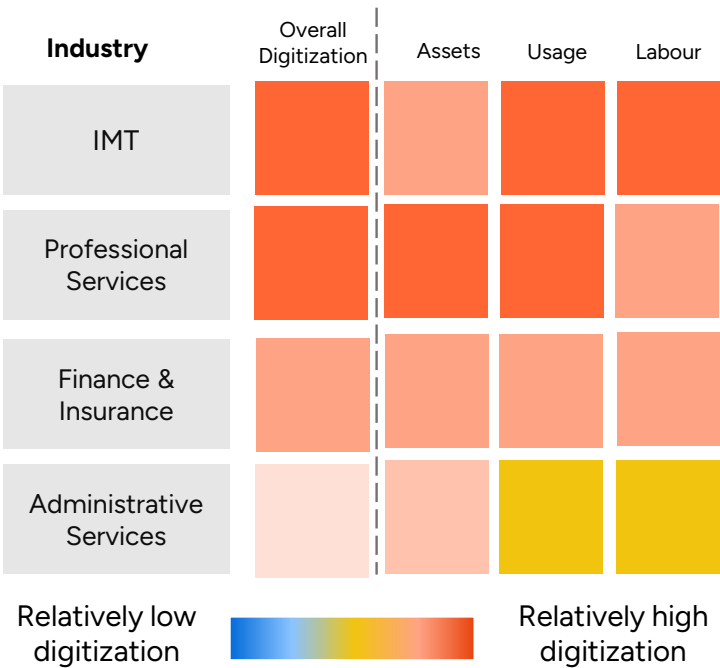
Strengthening cyber resilience - a strategic imperative for safeguarding the future of Australian business

Digitizing Australia’s Backbone: Tech Revolution in Asset-Intensive Sectors

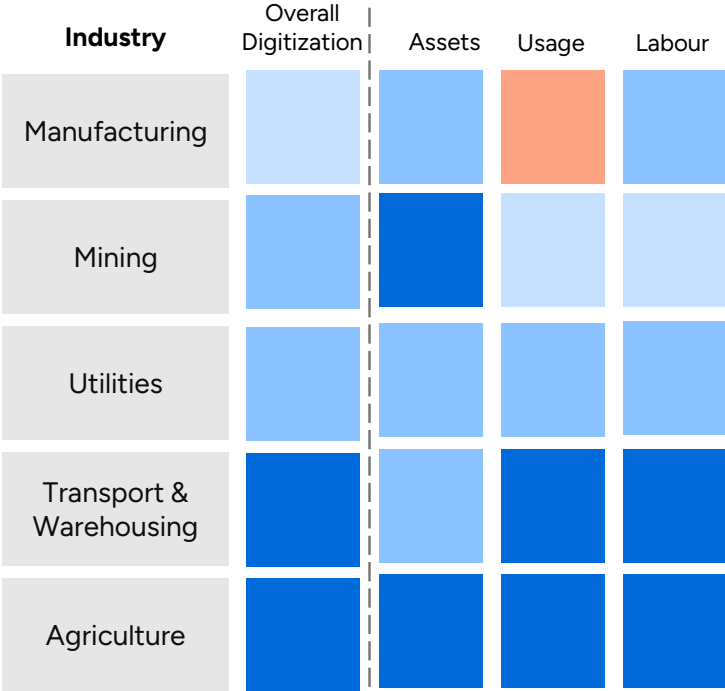
Industrial Sector Opportunity

- Australia's tech influence grows as sectors like **mining** and **agriculture** increasingly embrace **digital transformation** for **efficiency** and **innovation**
- IoT adoption** escalates across consumer and **industrial domains**, with **defense** and mining sectors **integrating AI** for smarter operations
- Australian **manufacturing** eyes revitalization **through cutting-edge automation**, propelling the sector forward with technological advancements
- Low digitalization** in **asset-heavy industries** signals **untapped potential**; McKinsey Index shows scope for transformative growth in these sectors
- Technologies like AI, IoT, and advanced analytics are key enablers, accelerating digital overhaul in traditionally physical domains like Utilities and Transport
- Agriculture modernization**, driven by **digital tools**, is poised to enhance yield, **sustainability**, and **global competitiveness**

Knowledge-Intensive Industries



Asset-Intensive Industries



Targeted Exploration



Improved Efficiency



Optimised Production

Digital enhancements in mining, through sensors, analytics, and automation, could boost **EBIT** by **AU\$40-80 billion**, demanding comprehensive real-time integration for optimal performance

Harnessing digital potential to redefine the industrial landscape of Australia’s primary sectors for a competitive future

Key Developments in Cloud Services in the ANZ Region: 2023



Microsoft

- Implementation of the **Digital Technologies Industry Transformation Plan (ITP)** in collaboration with industry giants like **Microsoft**
- The ITP aims to bolster NZ's SaaS companies, driving job creation and export revenue
- launch of '**Scaling SaaS Exports**' by Microsoft to act as an international sales agent for Kiwi companies, aiding their global expansion
- Utilization of Microsoft's global reach and **hyperscale data center** to foster the development of innovative **local cloud products** for international markets.



Australian Government



- **Google** joins AWS, Microsoft, IBM, and Oracle as a **"Certified Strategic"** cloud provider in ANZ
- Google enhances its commitment to the region with a focus on **cloud openness** and advanced **data and AI capabilities**
- The certification enables Australian government agencies to choose Google for public service transformation and digital strategies.
- Google aims to integrate into the government's transformation agenda, providing value beyond just infrastructure solutions



Australian Government



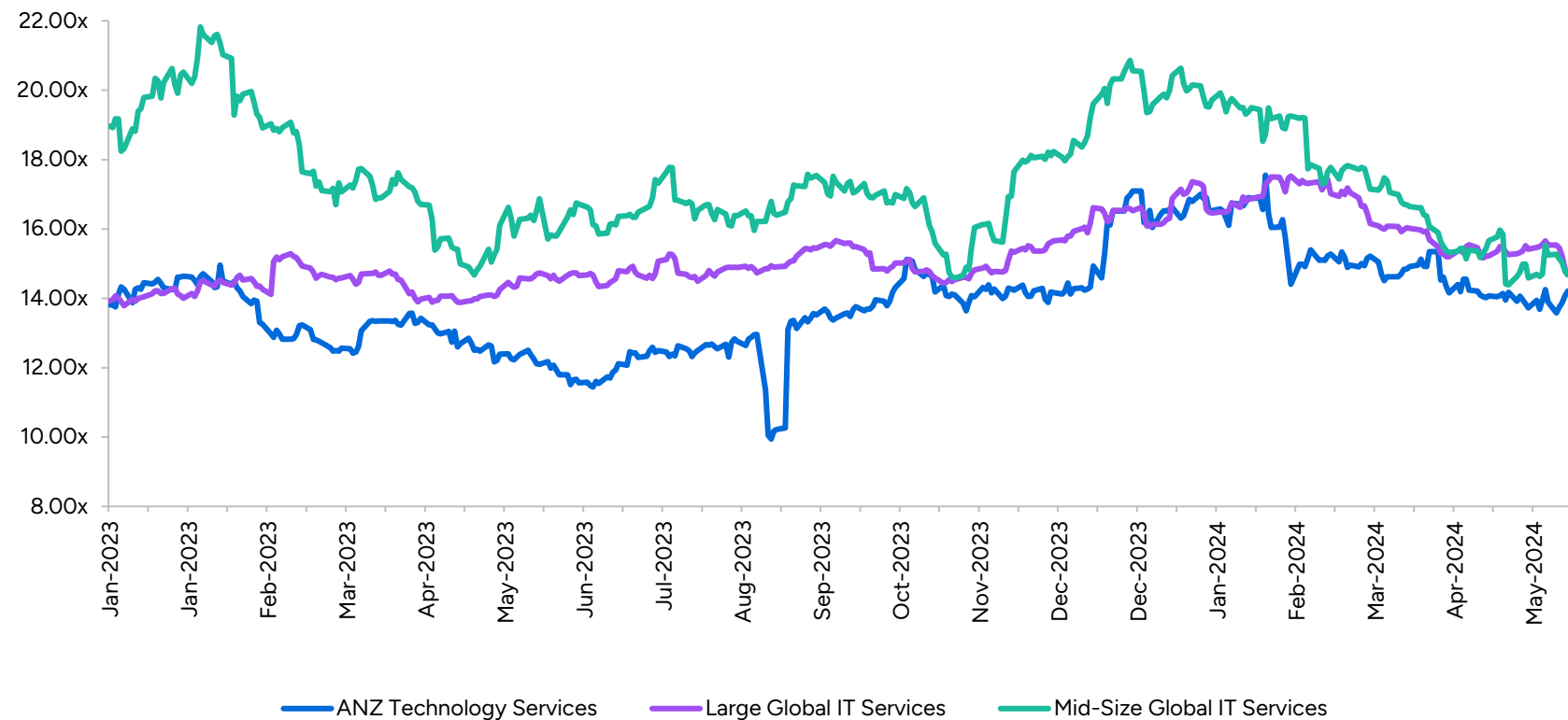
- **AWS** announced plans for new Local Zones in Perth, Brisbane, and Auckland
- With Sydney, Melbourne Regions and the newly launched Auckland Region, AWS is significantly increasing its **datacenter footprint in ANZ**
- This expansion, backed by recent whole-of-government contracts in Australia and New Zealand, will provide low-latency support and meet **local data sovereignty** needs

Key partnerships and expansions by Microsoft, Google, and AWS are catalyzing cloud innovation, reinforcing ANZ's position in the global digital economy

Valuation Dynamics: ANZ Technology Services vs Global IT Services

- ANZ IT Services EBITDA multiples gradually increased from **13.82X** in January 2023 to **14.69X** in May 2024, indicating **robust sector growth and investor confidence in regional capabilities**
- The medium-size global IT Services index experienced a significant drop in EV/EBITDA from **18.9X** in January 2023 to **14.67X** by May 2024, likely due to **market volatility or regulatory changes impacting valuation perceptions**
- Initially strong in early 2024, the ANZ technology services index showed a slight decline later, **possibly reflecting market adjustments or saturation after initial investment enthusiasm**. This trend highlights the cyclic nature of market valuations and investor expectations in the tech sector

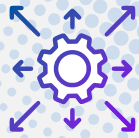
FIGURE 7:
EV/EBITDA for ANZ IT Services vs Large Global IT Services and Mid-Size Global IT Services



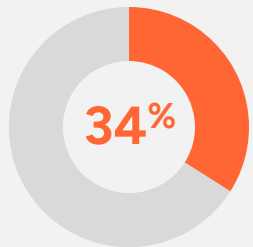
Evaluating market trajectory and investor sentiment across varying IT service scales and geographies

Key Drivers for M&A Activity in the ANZ Region

Market Expansion



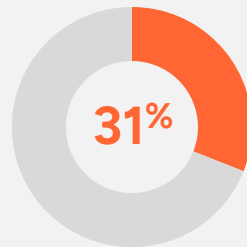
- Driven by the surge in digital transformation, companies are expanding their **market presence** in the ANZ region to remain competitive and tap into **new opportunities**
- This expansion, often aimed at achieving **scalable business models** like contracted managed services or platforms, is a strategic move to **stabilize revenue streams** and promote **long-term growth**



Value Creation by PE Firms



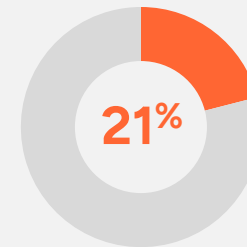
- Private Equity (PE) firms are showing a keen interest in **IT services and software assets**, especially those with infrastructure-like characteristics, due to their potential for **stable and recurring revenue**
- The recent **market correction** in **tech valuations** presents an opportune moment for PE firms with robust capital to invest in undervalued assets, enhancing their portfolios with **technology-driven businesses**



Technology Integration



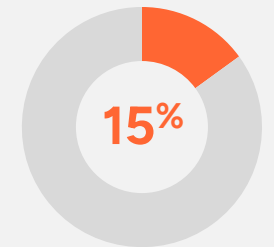
- Investments in AI** and other **advanced technologies** are growing, as companies aim to integrate these capabilities into their existing products or services
- The increase in online data transfer and storage has heightened **the risk of cyber attacks**. M&A activities are partly driven by the need to integrate **stronger cybersecurity measures** into business operations



Diversification



- Companies are diversifying into new verticals to **mitigate risks** associated with **market volatility** and to tap into **emerging opportunities** in different sectors
- This diversification is also indicative of **strategic shifts in business models**, aligning with technological **advancements**, ensuring that companies remain relevant in a rapidly changing market landscape



Dominated by strategic buyers (68%) majority of them international, targeting market expansion, technology integration and portfolio diversification for competitive growth

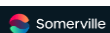
M&A Activity Analysis: ANZ Region (2023-Q1 2024)

Date	Target	Investor	Specialization	Country
Market Expansion & Geographic Reach				
Mar-24	 ATEO	 Deloitte.	Software Development & Engineering	
Mar-24	 NEXTGEN GROUP	 EXCLUSIVE NETWORKS	Cybersecurity	
Mar-24	 PCG CYBER	 AUCLOUD	SaaS Solutions	
Mar-24	 VENN IT solutions	 AUCLOUD	SaaS Solutions	
Mar-24	 ARADO	 AUCLOUD	SaaS Solutions	
Mar-24	 Centrerad.	 Evergreen	Others	
Mar-24	 AnalogFolk	 Bastion Collective	Digital Marketing	
Feb-24	 Etica Digital	 idea science	Managed Services	
Feb-24	 liquid	 orro	Cybersecurity	
Feb-24	 GLINTECH	 valiantys	Managed Services	
Feb-24	 InfoTrust	 Spirit	Cybersecurity	
Feb-24	 ENEE	 FIRST FOCUS	Others	
Feb-24	 leonardo consulting	 U S T	Managed Services	
Feb-24	 XENAI DIGITAL	 DIGITAL ALCHEMY	Digital Marketing	
Feb-24	 in group	 THE MARS AGENCY	Digital Marketing	
Feb-24	 ADATREE	 Fat Zebra	Data Analytics and Insights	
Feb-24	 Greenlight	 VITG	Managed Services	

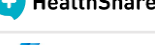
Date	Target	Investor	Specialization	Country
Feb-24	 powernet	 VITG	Managed Services	
Jan-24	 Lightfold	 CLOUDWERX	AI & Machine Learning	
Jan-24	 sparro	 brainlabs	Digital Marketing	
Jan-24	 Lancom Technology	 Evergreen	Software Development & Engineering	
Dec-23	 aurizn	 cropx	AI & ML	
Nov-23	 CALIBA	 Argon&Co*	Business Consulting	
Nov-23	 INPC & DOTER	 AVIDLY	Digital Marketing	
Nov-23	 NIHAR	 Deloitte.	Business Consulting	
Oct-23	 BETCHES	 SOOCO	Cloud Infrastructure and services	
Oct-23	 Onesend	 LAB BIBLE	Digital Marketing	
Oct-23	 MF & Associates	 ActiveCampaign >	Digital Marketing	
Sep-23	 Partners	 FUJITSU	Cybersecurity	
Sep-23	 AxSym Technology	 kwpx	Digital Marketing	

M&A Activity Analysis: ANZ Region (2023-Q1 2024)

Date	Target	Investor	Specialization	Country
Market Expansion & Geographic Reach				
Sep-23			Managed Services	
Aug-23			Business Consulting	
Aug-23			Business Consulting	
Aug-23			Cybersecurity	
Jul-23			Managed Services	
Jun-23			Cybersecurity	
Jun-23			Managed Services	
May-23			Managed Services	
May-23			Software Development & Engineering	
May-23			Others	
May-23			Software Development & Engineering	
May-23			SaaS Solutions	
May-23			ERP	
Apr-23			Digital Marketing	
Apr-23			CRM	
Apr-23			Digital Marketing	
Apr-23			Business Consulting	

Date	Target	Investor	Specialization	Country
Mar-23			Digital Marketing	
Mar-23			AI & Machine Learning	
Mar-23			Managed Services	
Feb-23			Others	
Feb-23			Business Consulting	
Feb-23			Digital Marketing	
Feb-23			CRM	
Feb-23			Digital Marketing	
Feb-23			Managed Services	
Feb-23			Managed Services	
Feb-23			Business Consulting	
Feb-23			Cloud Infrastructure and services	
Jan-23			Digital Marketing	
Jan-23			Digital Marketing	
Jan-23			Digital Marketing	
Jan-23			Cloud Infrastructure and services	
Jan-23			CRM	

M&A Activity Analysis: ANZ Region (2023-Q1 2024)

Date	Target	Investor	Specialization	Country
Vertical Integration				
Mar-24			Software Development & Engineering	
Mar-24			SaaS Solutions	
Mar-24			Software Development	
Dec-23			CRM	
Oct-23			Cloud Infrastructure and services	
Oct-23			Business Consulting	
Sep-23			SaaS Solutions	
Aug-23			Managed Services	
Aug-23			Others	
Jul-23			Others	
Jun-23			Software Development & Engineering	
Jun-23			Software Development	
May-23			Managed Services	
May-23			SaaS Solutions	
Apr-23			Software Development	
Mar-23			Cloud Infrastructure and services	
Mar-23			Software Development	
Feb-23			Data Analytics & Insights	

Date	Target	Investor	Specialization	Country
Feb-23			CRM	
Jan-23			Cybersecurity	
Jan-23			Managed Services	
Jan-23			CRM	
Jan-23			Business Consulting	
Private Equity Investments				
Mar-24			Managed Services	
Mar-24			Data Analytics & Insights	
Mar-24			SaaS Solutions	
Feb-24			Business Consulting	
Feb-24			Digital Marketing	
Feb-24			Software Development	
Jan-24			Others	
Dec-23			Business Consulting	
Nov-23			Managed Services	
Oct-23			Cloud Infrastructure and services	
Oct-23			Cybersecurity	
Aug-23			AI & ML	
May-23			Data Analytics & Insights	
May-23			Data Analytics & Insights	

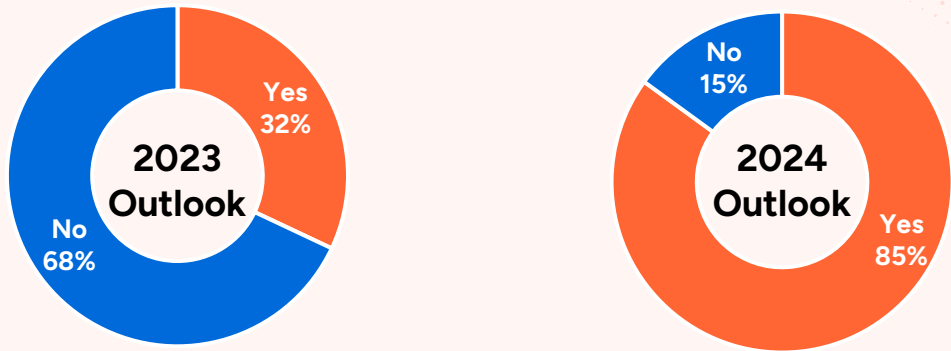
M&A Activity Analysis: ANZ Region (2023-Q1 2024)

Date	Target	Investor	Specialization	Country
Apr-23	 UXC ECLIPSE A DISCOVERY	 POLARIS THE POWER OF PARTNERSHIP	CRM	
Mar-23	 BASTION SECURITY GROUP	 QUADRANT PRIVATE EQUITY	Cybersecurity	
Mar-23	 DoseMe	 FAIRLAWN CAPITAL	Software Development	
Mar-23	 ZX SECURITY	 QUADRANT PRIVATE EQUITY	Cybersecurity	
Mar-23	 HELIX SECURITY	 QUADRANT PRIVATE EQUITY	Cybersecurity	
Mar-23	 QUANTUM SECURITY	 QUADRANT PRIVATE EQUITY	Cybersecurity	
Mar-23	 orro	 MACQUARIE	Cybersecurity	
Mar-23	 POP Holdings	 DIRECT CAPITAL	Software Development	
Feb-23	 MSL SOLUTIONS	 Pemba Capital Partners	SaaS Solutions	
Feb-23	 molemap™	 PIONEER CAPITAL	Software Development	
Technology Integration				
Mar-24	 THE LUMERY)	 accenture	Digital Marketing	
Mar-24	 THE BIGZERO	 ERM	Data Analytics and Insights	
Mar-24	 qi	 SEISMA GROUP	Cybersecurity	
Mar-24	 THE BIG MIDDLE Applications Delivered	 ERM	Data Analytics & Insights	
Feb-24	 QMV	 Novigi	Data Analytics and Insights	
Jan-24	 VNEXT	 RAPID CIRCLE	Cloud Infrastructure and services	

Date	Target	Investor	Specialization	Country
Dec-23	 XPON®	 PEPPERMINT INNOVATION	AI & ML	
Nov-23	 solnet Part of Ascentus	 accenture	AI & ML	
Nov-23	 NW COMMERCE	 orro	Cloud Infrastructure and services	
Oct-23	 CASSINI	 BASTION SECURITY GROUP	Cybersecurity	
Jul-23	 MaxKelsen	 BAIN & COMPANY	AI & ML	
Jun-23	 db digital balance	 spinach	Data Analytics & Insights	
Jun-23	 intelliHR	 humanforce	Data Analytics & Insights	
Jun-23	 GP2U	 My Emergency Doctor	SaaS Solutions	
Jun-23	 db digital balance	 spinach	Data Analytics & Insights	
Jun-23	 DATA ADDICTION	 SEISMA GROUP	Data Analytics & Insights	
May-23	 caseware.	 CASEWARE	SaaS Solutions	
Apr-23	 localz	 DESCARTES	Software Development	
Mar-23	 melon	 Pegasus	Software Development	
Feb-23	 brandcrush!	 CRITEO	Digital Marketing	
Feb-23	 cnsdose.	 incite health	Software Development	
Jan-23	 Lending People	 mtf finance	Software Development	
Jan-23	 inTouch	 myDigitalOffice	Software Development	

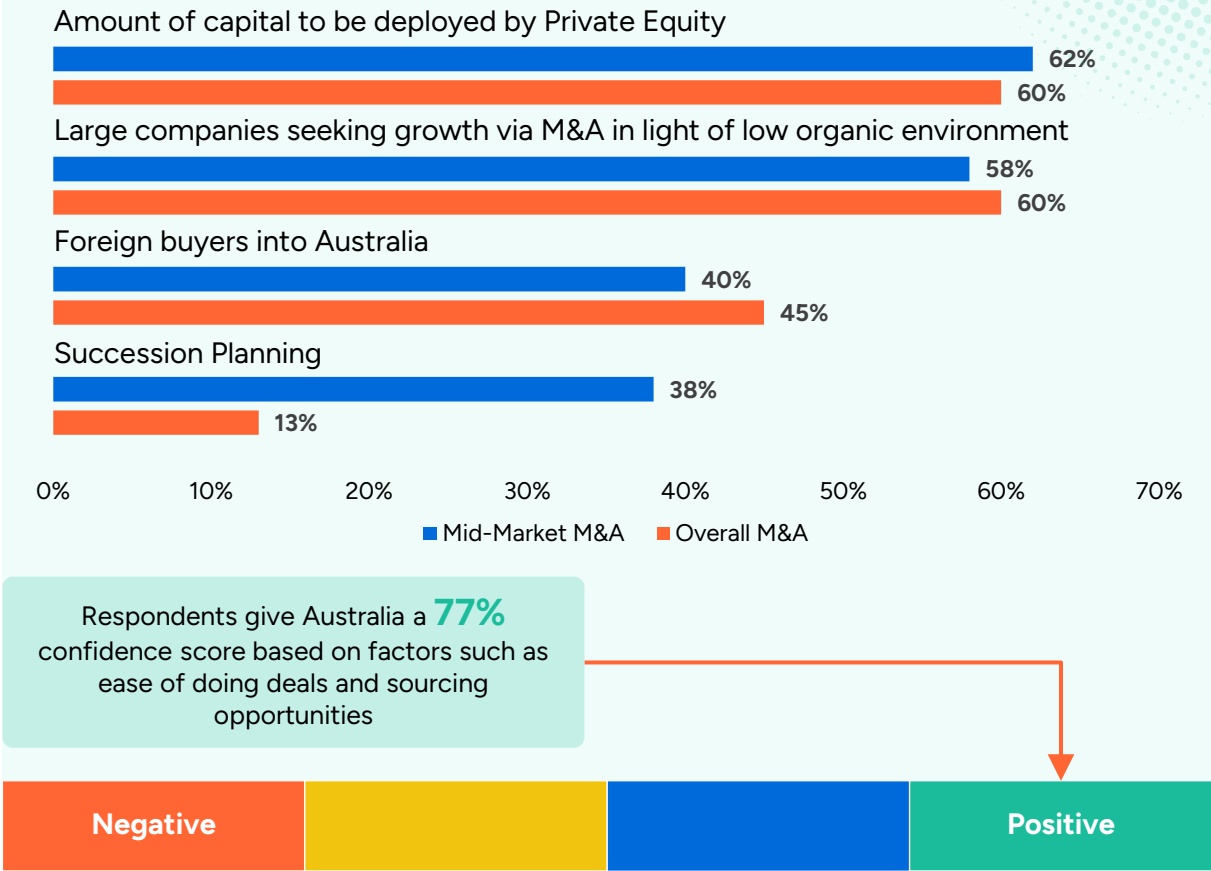
2024 Outlook: Capital Deployment and Market Dynamics

FIGURE 8:
Number of M&A Transactions : Do you expect to see increasing competition for assets in Australia in the next 12 months?



- **Private Capital Readiness:** With AU\$21.6bn undeployed, private equity and venture funds are ready for active deal-making in 2024
- **Transaction Resurgence:** Post a cautious 2023, firms are set to re-engage in M&A, deploying significant capital reserves
- **Steady Market Confidence:** Despite varying trends and global effects, the Australian M&A scene holds a strong 77% confidence rating for its deal-making prospects and value generation potential

FIGURE 9:
What will be the main drivers of M&A activity in 2024?

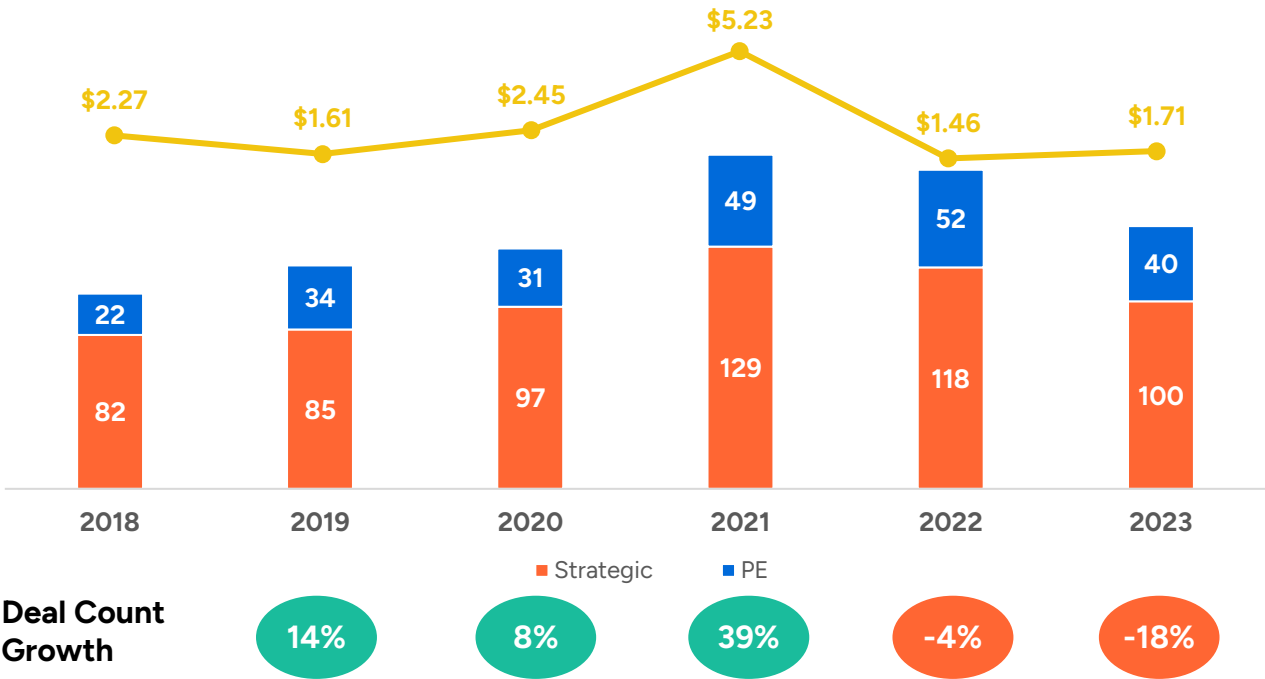


Anticipated capital injection from inte set to rejuvenate the Australian M&A landscape, reflecting a shift towards strategic growth investments

Regional M&A Activity: Semi-Annual Trends

- **M&A Resilience Post-COVID:** Despite global economic headwinds, M&A activity remained robust post-COVID, with sustained interest in mid-market companies and emerging tech sectors
- **Digital Transformation Imperative:** A surge in demand for cybersecurity, AI, and cloud services drove M&A, as companies sought to bolster their digital transformation offerings
- **Market Consolidation:** Firms like Accenture and Deloitte, frequent acquirers, indicate a consolidation trend, focusing on expanding service portfolios and geographic reach
- **Private Equity Involvement:** PE's consistent investment presence, particularly in strategic collaborations, highlights a strong appetite for tech-driven growth assets
- **Notable Strategic Moves:** Significant transactions like **Telstra's acquisition of Versent for A \$267.5 Million** in 2023 exemplify strategic growth efforts, despite the challenging market environment.

FIGURE 10:
Figure 3: M&A Transaction Volume and Capital Investment in US\$ Billion (2018-2023)



YTD 2024
M&A Deal Activity

Total Transactions

38

Strategic

30

Private Equity

8

The dip in M&A deal activity aligns with global trends, impacted by higher interest rates, valuation gaps and geopolitical tensions including the war in Ukraine and the recent conflict in the Middle East

Enduring Growth in Transition: Navigating through uncertainties, the M&A landscape in ANZ reflects a strong pivot towards digital capabilities and strategic market positioning

Buyer Landscape in the ANZ Region

FIGURE 11:
M&A's (%) by Buyer Type: CY 2022 vs CY 2023

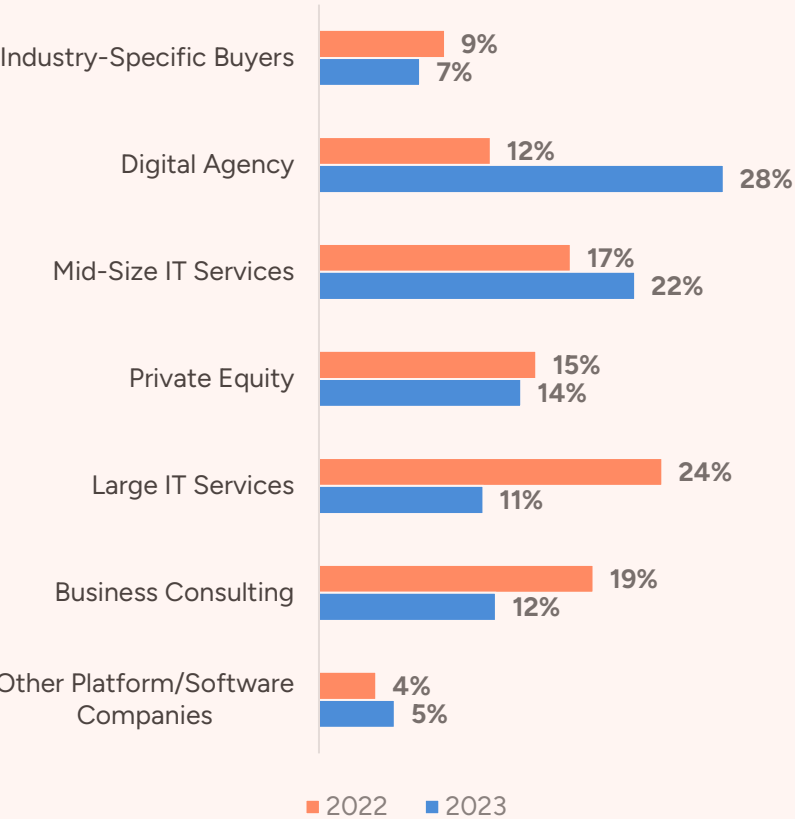
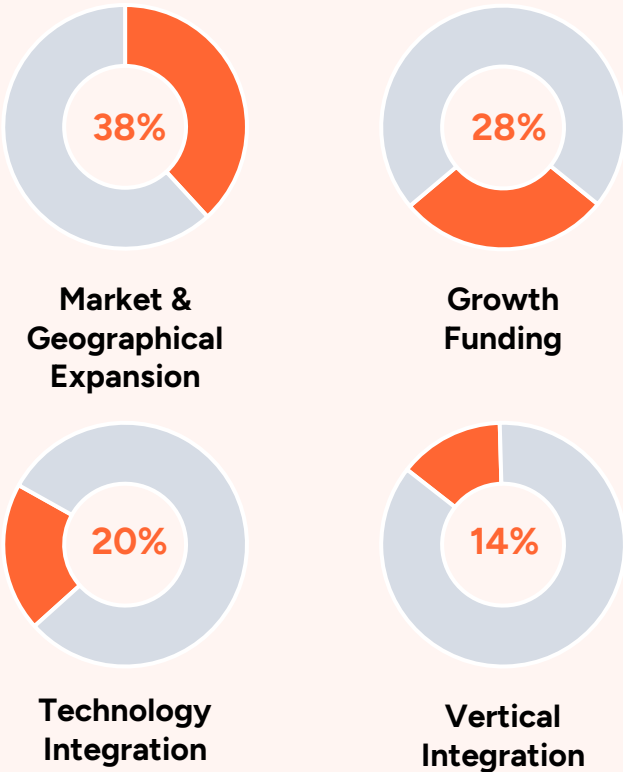


FIGURE 12:
M&A's (%) by Rationale

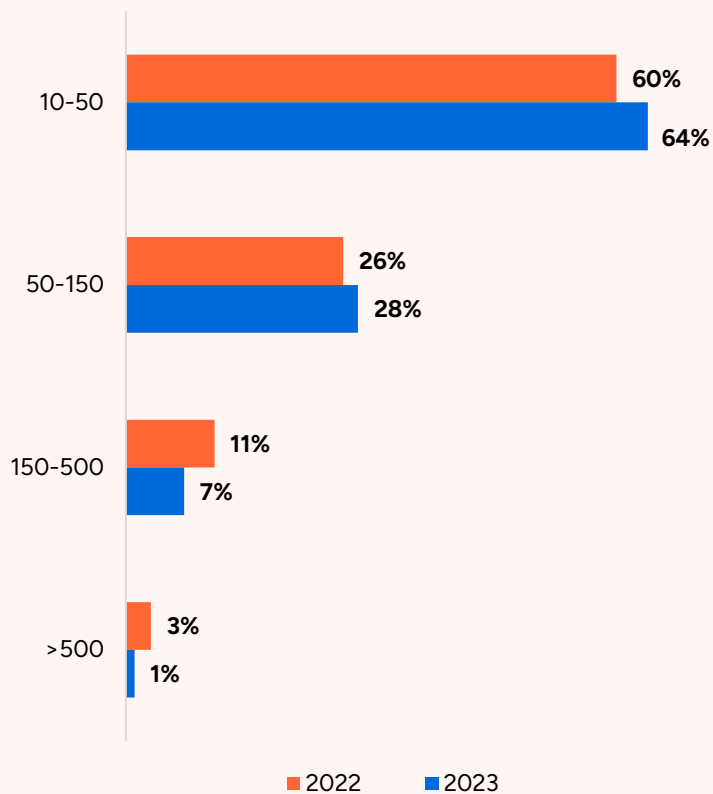


- **Digital Agency Surge:** 2023 saw digital agencies nearly quadrupling their deal share, reflecting a market shift towards comprehensive digital transformation services
- Notable acquisition include sMF Associates by Fujitsu and Xenai Digital by Digital Alchemy, marking strategic expansions and aiming to be the **top Salesforce Marketing Cloud Partner** in APAC
- **Steady Rise of Mid-Size IT:** Mid-Size IT Services sustained their market share growth, indicating a robust demand for specialized IT solutions and services
- Notable acquisition in this category include **Seisma's** acquisition of **Q1 Group** enhances **cybersecurity capabilities**, positioning as a **full-service IT provider**
- **Private Equity's Stable Interest:** Private equity maintains its investment presence, slightly growing, suggesting ongoing confidence in the tech sector's growth potential

Reflecting market adaptability and strategic foresight, the evolving buyer landscape signifies a robust pivot towards niche specializations and digital-first capabilities in the face of dynamic industry demands

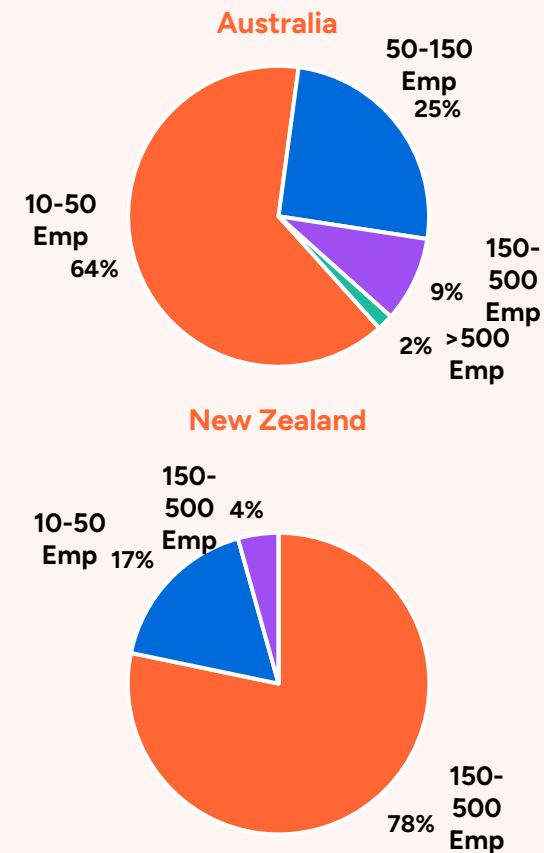
M&A Activity by Target Company Employee Size

FIGURE 13:
M&A Activity by Target Company Employee Size: ANZ Region



- Smaller companies dominate **ANZ M&A** market, highlighting their appeal for innovation and growth potential
- Large enterprise acquisitions are uncommon, suggesting a strategic preference for agility over size
- **Australia’s Mid-Market Appeal:** The substantial activity in the mid-market sector underscores its critical economic role, driven by companies looking to expand and innovate
- **Capital Access Challenges:** The concentration of deals in the mid-market may be amplified by these companies' difficulties in accessing capital, pushing them towards M&A as a growth strategy

FIGURE 14:
M&A's (%) by Target Company Employee Size by Country

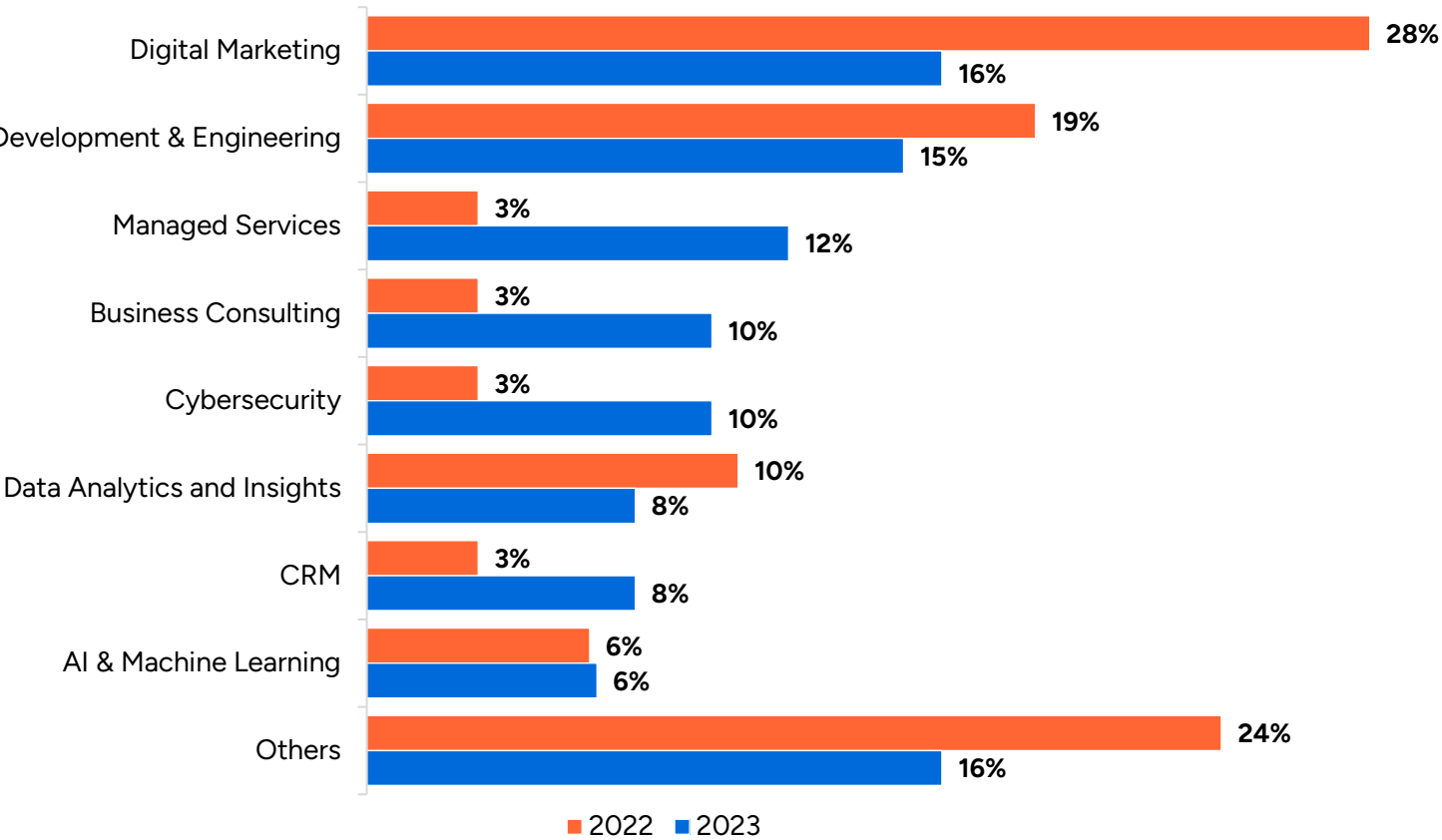


ANZ M&A Trends: Small business agility fuels M&A, while capital challenges reshape the middle market landscape

M&A Activity by Focus Areas of Target Companies

- **Rising M&A Demand for Managed Services:**
Reflects a growing appetite, particularly from private equity investors, for providers with reliable annuity revenue streams
- **Stable Interest in Software Dev & Engineering:**
Reflects ongoing need for core tech development amidst digital transformation
- **Rising Focus on Cybersecurity & CRM:**
Highlights increasing demand for secure data management and customer relationship strategies
- **Emergent Tech Gaining Ground:** AI & ML investments grow, showing a strategic pivot towards innovation and competitive differentiation

FIGURE 15:
M&A's (%) by Focus Areas: CY 2022 vs CY 2023



ANZ M&A Focus Shift (2022-2023): Increasing emphasis on digital marketing, software engineering, AI & ML, with managed services emerging as a key area of interest

Key Takeaways

Drivers of Growth for ANZ Region

- **Robust ICT Expansion:** The ANZ enterprise ICT market, valued at A\$ 94.4 billion in 2022, is forecasted to grow at a CAGR of 13.2%, reaching A\$177.2 billion by 2027
- **Global R&D Hub:** Major tech firms like Avaya and IBM are expanding their R&D in Australia, capitalizing on its strategic position for innovation
- **Government's Digital Initiatives:** Australia intensifies its digital push with new programs enhancing AI skills and resources for SMEs, aiming for a top 10 digital economy status by 2030



Technology Services & Software Trends

- **Cloud and Digital Integration:** Rapid adoption reshaping Australia's economic landscape, with a significant move towards **public clouds for mission-critical applications by 2025**
- **AI and ML Adoption:** Increasing use of AI/ML in business operations despite **data literacy challenges**; significant public and private investment in **Generative AI technologies**
- **Security and Resilience:** Heightened focus on cybersecurity following increased incidents, with strategic investments like the **Playtech \$101.6 million fund** aimed at enhancing national cyber defenses



M&A Outlook for 2024

- The M&A landscape is expected to remain vibrant, with technology platform investments and **cybersecurity integrations** being prime motivators for deal-making
- **Mid-market transactions (up to \$100m)** will continue to underpin activity in the market given large corporates, mostly international are cashed up and have a **need to grow shareholder value** and organic growth will be limited, with acquisitions being more attractive to grow earnings as well as skilled people



M&A Activity

- **M&A Drive:** Both nations demonstrate focused strategies for market growth.
- 309 M&A deals since 2021, primarily in the service sector, highlight a vibrant tech services market.
- Prominent mergers, including Telstra's acquisition of Versent, Polaris Private Equity's purchase of UXC Eclipse, and Globant's takeover of ewave, highlight ANZ's status as a prime hub for tech services



Australia's Tech Credentials

Over 800 Fintech Companies

- A\$ 4 Billion Industry, Ranked 6th in the world

577 MedTech & Digital Health Companies

- \$US 6.4 billion medical device market

600 Ed-Tech Companies

- A\$ 2.2 billion edtech market
- 50% of companies are early stage

Technology Holdings' Transaction Track Record

Technology Holdings (TH) is exclusively focused on **M&A and capital raising advisory services to Technology Services, Software, Consulting, Healthcare Life Sciences and Business Process Management Companies**. Over 23 years, TH has built deep expertise in digital platforms, with global reach and extensive strategic buyer and private equity relationships to help clients navigate through a sale and/or capital raise process, and to secure premium valuations.

Has been acquired by



Boutique Investment Bank of the Year Award



Cross-Border Deal of the Year Award



Boutique Investment Bank of the Year Award



Global Technology M&A Advisory Firm of the Year Award



Investment Banking Firm of the Year Award

Latest ANZ Transactions

JUN 2024 

CHAMONIX

Has been acquired by

Synechron

Digital Engineering

JUN 2024 

exposé

Has been acquired by

Synechron

AI and Data Science

JUN 2024 

D+I

Has been acquired by

Capgemini

MedTech Product Design & Engineering

MAR 2024 

(THE LUMERY)

Has been acquired by

accenture

Marketing Automation

FEB 2024 

leonardo

Has been acquired by

U · S T TEMASEK
PORTFOLIO COMPANY

BPM and Automation

JUN 2023 

dek TECHNOLOGIES

Has been acquired by

endava

Telecom Software & Embedded Systems

Latest Global Transactions

JUN 2024 

Brainvire
Shaping Ideas

Has been acquired by

Said Differently.
FALFURRIAS CAPITAL
PORTFOLIO COMPANY

Insurance Technology Services & IP

APR 2024 

magnetic

Has been acquired by

NEWTON ICG
PORTFOLIO COMPANY

ServiceNow Consulting & IP

APR 2024 

axis CORPORATE

Has been acquired by

accenture

Salesforce Consulting & IP

MAR 2024 

dreamix

Has been acquired by

Synechron

ServiceNow Consulting & Managed Services

FEB 2024 

aggne

Has been acquired by

wipro

Insurance Technology Services & IP

FEB 2024 

PLAT4MATION

Has been acquired by

KEENSIGHT CAPITAL servicenow

ServiceNow Consulting & IP

DEC 2023 

FOREFRONT

Has been acquired by

NEORIS
Advent International
PORTFOLIO COMPANY

Salesforce Consulting & IP

NOV 2023 

unifii

Has been acquired by

inetum.
BainCapital
PORTFOLIO COMPANY

ServiceNow Consulting & Managed Services

[CLICK HERE FOR FULL LIST OF TRANSACTIONS](#)



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Consulting, Software & Healthcare

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