

# Ten trends

M&A and partnering  
in European technology,  
media and telecoms



# Overview

As stakeholders navigate the dynamic landscape of the Technology, Media, and Telecommunications (TMT) sector, it is crucial that they remain informed about the latest trends shaping M&A deals. The TMT sector has remained resilient amidst macro-economic fluctuations, but the overall M&A landscape has seen significant change, particularly within the software, media, and telecom subsectors – each presenting unique opportunities and challenges. Regulatory scrutiny and the evolving economic climate are influencing deal structures and strategies, necessitating a proactive and informed legal approach. Within this more challenging M&A market, we explore ten trends that will be relevant to dealmakers in 2025 and beyond.



# Resilience in programmatic deals

Despite a downturn in transaction volume and value in overall M&A, the TMT sector has demonstrated remarkable resilience, partly due to more strategic acquisitions being made. Programmatic M&A (characterized by a series of smaller, strategic acquisitions) has outperformed larger deals. This approach allows companies to steadily build capabilities, enter new markets and enhance their technological offerings with a lower risk profile and greater flexibility; however, to address the cumulative regulatory and compliance issues that may arise from multiple acquisitions, deal makers need a legal strategy for sequential deals.

## Safety in numbers

Related to the programmatic M&A strategy that has emerged, there has been an increase in consortium bids as buyers (particularly institutional investors) seek to manage their respective exposure risks. Moreover, such consortium acquisitions often facilitate post-closing objectives such as divestments and the carve-up of specific business divisions amongst the consortium parties to augment their individual strategic goals.



## Holding back

Whilst not possible in all scenarios, buyers increasingly seek to defer elements of the purchase price, unlinked to any earn-out. With law firms no longer holding escrow accounts, the cost of third-party escrow agents being unattractive to dealmakers and a wider shift towards a buyer-friendly market, contractual holdbacks are becoming increasingly common. This also gives the buyer the advantage of being able to set off claims against the deferred consideration.

## Cash alternatives

Driven by an increasing desire to preserve cash and the need to navigate the complexities of valuing high-growth but not yet profitable TMT companies, buyers are looking to find alternatives to cash consideration. In addition to vendor financing or loan notes, there has also been an increase in shares being offered as consideration. All these scenarios enable buyers to side-step steep borrowing costs and reframe price discussions with sellers towards relative value. This trend suits large corporates who are making increasing numbers of strategic acquisitions.

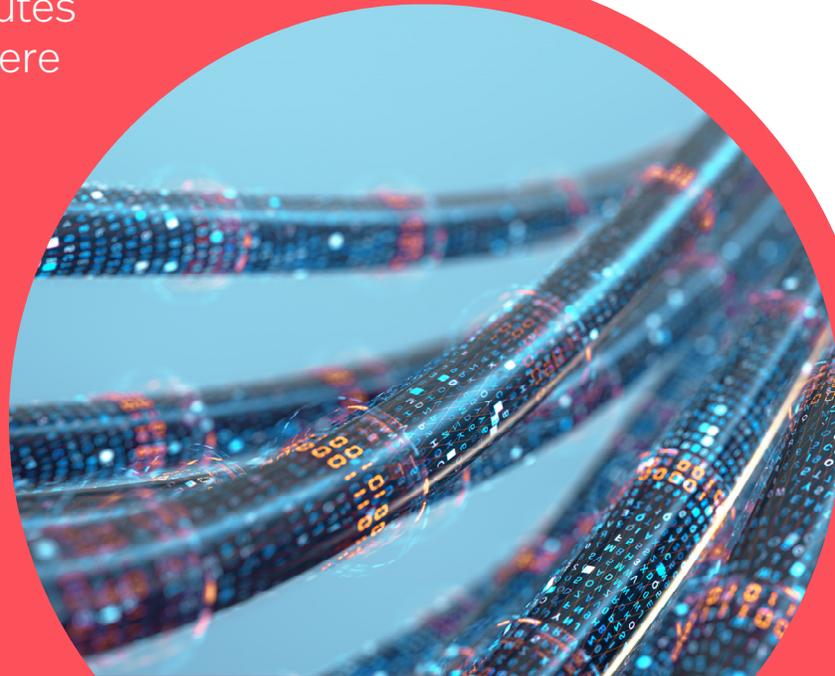


# Earn-out

There has been a marked uptick in the frequency of deal-makers making use of earn-outs (often alongside more straightforward deferred consideration) to bridge valuation gaps. When agreeing the deal structure, it is of key importance that the earn-out provisions are drafted with objectively clear metrics and that the potential tax treatment of the earn-out is carefully considered as the market has seen a material increase in the number of disputes relating to earn-out mechanisms that were negotiated in recent years.

## Acquisition financing

Whilst private credit funds have been taking up a lot of the slack in the leveraged market (particularly on PE deals), bank lenders are now re-engaging but with significantly lower risk tolerances, tighter terms, higher rates and a preference for syndication where possible. A greater number of conditional deals and longer periods between signing and closing (often due to regulatory, FDI and/or anti-trust considerations) is also pushing up the cost of bridging finance.



## W&I reloaded

A diminution in volume has seen a corresponding decrease in the costs of W&I insurance and greater flexibility as to what underwriters will cover. At the same time, the cost of W&I is increasingly being shared between the buyer and seller or borne by the seller. There is also an increase in hybrid liability structures where the seller accepts liability for any risks which are specifically excluded from the W&I policy. This is placing renewed focus on specific exclusions from the W&I policy and harmonising the interests of both buyers and sellers to ensure that these are minimised as far as possible.

## Reshaping diligence

A decrease in competitive sale processes and a corresponding increase in bilateral processes is allowing buyers to shape the due diligence landscape in a way that has not been possible over the last number of years. Given COVID-19-related challenges around landing on normalised financials, buyers are increasingly engaging in a focused period of financial due diligence (usually for a period of several weeks) before starting their wider due diligence. After this stage, buyers usually place particular focus on compliance with ever changing regulatory regimes in the sector to mitigate any potential risks.

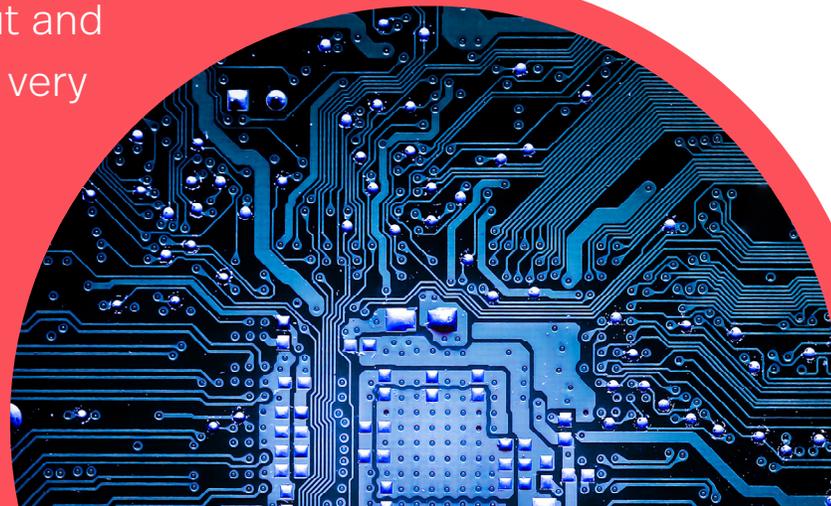


# Red tape

TMT companies are facing increased regulatory scrutiny and challenges, impacting deal complexity and approval times. This trend is a response to concerns over market concentration, data privacy, anti-competitive behaviour, and evolving ESG criteria. For example, the introduction of multiple FDI regimes across Europe applying to, amongst others, US and UK buyers of businesses in the EU and changes to multiple European merger control regimes which now enable regulators to “call-in” anti-competitive deals. Dealmakers need to map out and factor in both of these considerations from the very outset of planning.

# AI boom

The rising success of key industry players and advancements in large language model AI have significantly increased interest in generative AI and data analytics, leading to a surge in AI-focused partnerships. Companies are keen to acquire AI and machine learning specialists to enhance their digital capabilities and stay competitive. The introduction of the EU AI Act, along with possible further AI regulations in other regions, is expected to impact due diligence, enterprise valuation, and deal structures involving AI.



# Our recent TMT M&A highlights



Flex on the acquisitions  
of FreeFlow  
Technologies and Anord  
Mardix Group

**Brookfield**

Brookfield on the  
acquisition of Data4 Group



Ipsos Group on the  
acquisitions of B&A  
Group, Jarmany and  
Datasmoothie

**TOSHIBA**

Toshiba Energy Systems &  
Solutions on the sale of its  
stake in Toshiba Transmission  
& Distribution Europe to  
Mutares SE & Co KGaA



BT on the transfer of  
certain fibre cable  
networks assets in  
Germany

**Honeywell**

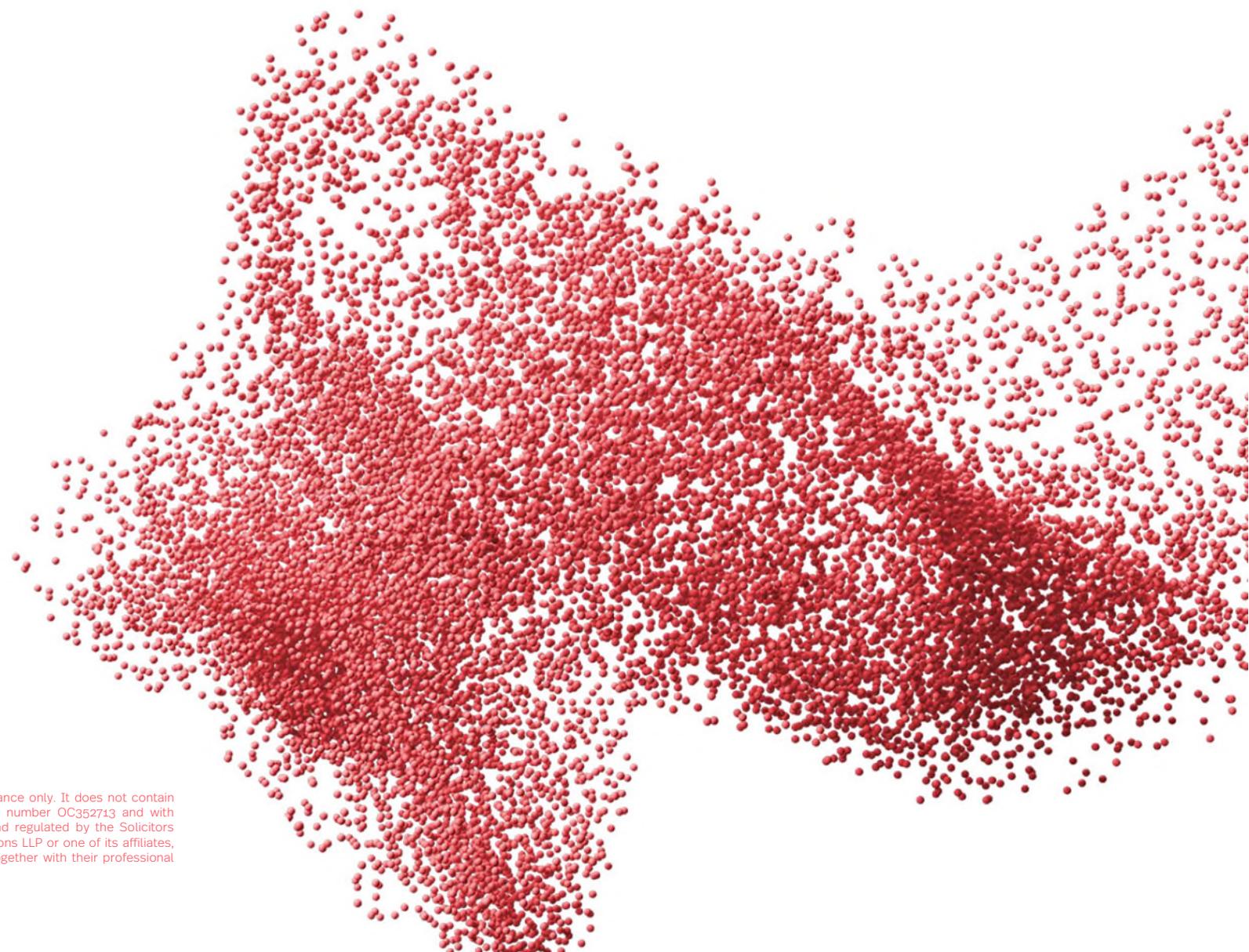
Honeywell on the acquisition  
of Global Access Solutions  
and Compressor Controls  
Corporation

**MOOG**

Moog on the sale of its  
industry leading Trittech  
business

**MITRATECH**

Mitrtech on the acquisition  
of Quovant



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