

## MID-MARKET PULSE: Tech M&A will stay hot

Dealmaking in the technology, media and telecommunications (TMT) sector is expected to soar over the next 12 months, according to *Mergers & Acquisitions*' Mid-Market Pulse (MMP). Transaction professionals surveyed in June gave the sector a score of 82.0 for the 3-month outlook and 80.6 for the 12-month outlook, much higher than the scores of 68.5 and 68.4 given to overall M&A.

Tech deals announced recently that demonstrate the sector's momentum include the \$13.7 billion purchase of Whole Foods by Amazon.com Inc. (Nasdaq: AMZN), which is expected to trigger an explosion of M&A in grocery stores, delivery services and related businesses.

Private equity interest in TMT is very high. Hollie Moore Haynes, a former partner at Silver Lake Partners, closed the debut fund for her Luminate Capital Partners at \$265 million.

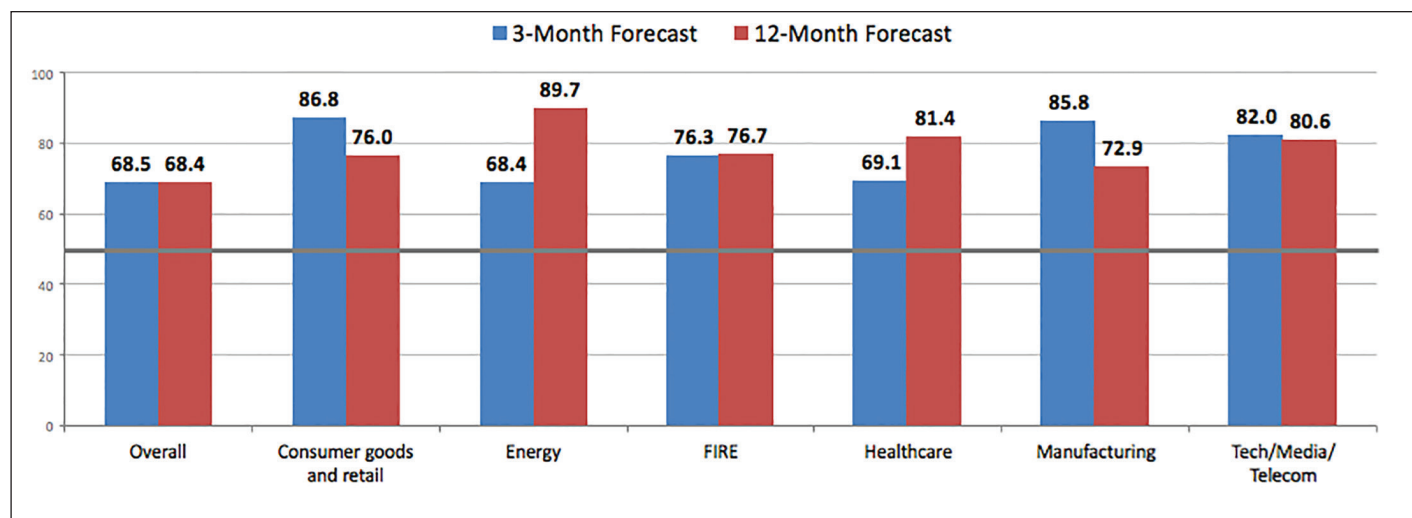
Even PE firms "that are not considered 'tech shops' in the usual sense are making significant investments in later-stage technology companies; however, these are seen as technology-enabled businesses serving traditional markets, rather than pure-play technology companies," writes Rich Lawson, the CEO of tech-focused HGGC, in a guest article for *Mergers & Acquisitions*. HGGC recently invested in HGGC in Denodo Technologies Inc., a developer of data virtualization software.

Fueled by fears of ransomware and other attacks, cybersecurity is driving many deals.

Honeywell International Inc. (NYSE: HON) recently agreed to purchase cybersecurity provider Nextnine.

Another development driving media deals is over-the-top technology, as reporter Kameron Leach writes in his *Finance Finesse* column. One respondent to our survey also mentioned "the continued impact of OTT and streaming services" on M&A.

Other sectors expected to experience high growth, according to our survey, are energy, consumer goods and retail, and manufacturing. ■



### ABOUT THE MERGERS AND ACQUISITIONS MID-MARKET PULSE (MMP)

The MMP is a monthly barometer for the outlook of M&A activity and conditions from the collective viewpoint of approximately 250 business executives in private equity firms, investment banks, lenders and advisor firms, such as accounting, law, and consulting firms, involved in M&A activity. Various sub-indicators that make up the overall MMP composite include projected deal volumes and pricing, staffing and resource utilization levels, and the expected impacts of economic conditions, taxes, and regulatory policy on respondents' future M&A activity.

MMP results are presented as rolling aggregate indicators for both three- and 12-month outlook periods for macro M&A issues as well as for individual industry sector issues in healthcare, consumer/retail, manufacturing, energy, and technology/media/telecommunications on a monthly rolling basis. A diffusion index is produced by calculating the sum of percentages of those indicating on survey responses that describe a change in sentiment for three and 12 months (e.g., increase/positive, decrease/negative, or no change/neutral) to arrive at three-month and 12-month aggregate index values that are then averaged to create a total composite for the month. A reading of over 50 indicates an expansion relative to the prior month, and a reading below 50 indicates a contraction.

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