November’s aggregate disclosed deal value pushed 2015 to a new all-time record for global technology M&A deal value, despite the sharp decline in value from October’s extreme high. Year-to-date (YTD), including November, technology companies’ quest for scale and end-to-end solutions drove deal value to $429.2 billion, eclipsing the previous annual record of $412.4 billion set in 2000, at the height of the dotcom bubble. Consolidation deals were the main driver of November 2015’s deal value.

- **Value and volume decline but stay strong**: both fell when compared with the extreme heights achieved in October. However, November value and volume surpassed their 2014 monthly averages.
- **Tech buyers**: continued seeking scale and increased the breadth of solutions (in a trend we call “stack to solution”) with big-ticket deals across many sectors.
- **Blur**: non-tech buyers maintained above-average volume, but disclosed value lagged for the second consecutive month.
- **Private equity (PE) buyers**: had a below-average month but posted one big-ticket deal, in health care IT (HIT).
- **Hidden gems**: divestiture volume continued to be high but with a smaller monthly value than the previous 2015 monthly average.
- **Deal drivers**: mobility and cloud/SaaS continued as the top two drivers of deal value and volume, and deals targeting payments and financial services technologies continued a second-half surge. Gaming, HIT, and advertising and marketing technologies were the other major contributors to November’s value totals. Security and internet of things (IoT) dealmaking continued to slow for the second consecutive month.

Note: dollar references are in US dollars unless otherwise indicated.
November 2015 at a glance

Global technology M&A

November disclosed value of $32.5 billion pushes 2015 to highest-ever annual value.

Volume of 309 deals is 10% below 2015 monthly average.

Global top 10 deals, November 2015

<table>
<thead>
<tr>
<th>Disclosed value ($m)</th>
<th>Buyer</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,900</td>
<td>Activision Blizzard, Inc.</td>
<td>King Digital Entertainment Plc</td>
</tr>
<tr>
<td>$3,900</td>
<td>Expedia, Inc.</td>
<td>HomeAway, Inc.</td>
</tr>
<tr>
<td>$2,500</td>
<td>Microsemi Corporation</td>
<td>PMC-Sierra, Inc.</td>
</tr>
<tr>
<td>$2,400</td>
<td>ON Semiconductor Corporation</td>
<td>Fairchild Semiconductor International, Inc.</td>
</tr>
<tr>
<td>$1,881</td>
<td>Pamplona Capital Management LLP</td>
<td>MedAssets, Inc.</td>
</tr>
<tr>
<td>$1,800</td>
<td>Diebold, Inc.</td>
<td>Wincor Nixdorf AG</td>
</tr>
<tr>
<td>$1,800</td>
<td>Equifax, Inc.</td>
<td>Veda Group Ltd.</td>
</tr>
<tr>
<td>$1,100</td>
<td>Endurance International Group Holdings, Inc.</td>
<td>Constant Contact, Inc.</td>
</tr>
<tr>
<td>$750</td>
<td>Zeta Interactive Corporation</td>
<td>CRM division assets of eBay Enterprise</td>
</tr>
<tr>
<td>$700</td>
<td>Cisco Systems, Inc.</td>
<td>Acano Ltd.</td>
</tr>
</tbody>
</table>

Source: EY analysis of announced deals from The 451 Group Research M&A KnowledgeBase, accessed 4 December 2015

“"If there was any remaining doubt about the unprecedented nature of the technology industry’s stack-to-solution transformation, which is being driven by disruptive digital cloud and mobile technologies, the 2015 new all-time record for tech M&A reached in November puts it to rest.”"
Global technology M&A

Corporate tech buyers dominate
While non-tech or PE buyers have been key drivers all year, corporate tech buyers seeking the breadth of solutions are dominating in the fourth quarter. Tech companies posted 94% of the total October value, driving that month’s dizzying value spike; PE and non-tech buyers combined for the other 6%. Likewise, in November, tech buyers posted 87% of the total value and PE and non-tech the remaining 13%. But, for the first nine months of 2015, tech buyers represented only 69% of the aggregate value.

Semiconductor consolidation sets its own record
After building slowly for years and then rocketing upward in early 2015, semiconductor consolidation marched on in November. Two more semiconductor deals above $1 billion brought the YTD total to 10. In all, deals with semiconductor targets posted $5.6 billion in November, bringing the YTD total to $99.1 billion – more than we’ve ever seen before in a single year.

Gaming leads payments and financial services, advertising and marketing, and HIT as contributors to November deal value
Besides mobility and cloud/SaaS – the “background radiation” of digital transformation and, therefore, tech dealmaking – gaming led all deal drivers in terms of November’s disclosed value ($6.4 billion), largely on the strength of the month’s top deal. Payments and financial services technologies posted $5.5 billion, including two deals above $1 billion; advertising and marketing contributed $3.4 billion; and HIT $2.5 billion – with each including one deal above $1 billion. Big data analytics ($998 million) and IoT ($532 million) lagged significantly compared with their prior 2015 monthly value averages but continued posting strong deal volume levels. Security dealmaking lagged its prior 2015 monthly average in terms of both volume and value.

A slow month for PE deals
PE dealmakers posted their second consecutive below-average month in terms of volume, with only 21 deals (compared with the 2015 monthly average of 24). Disclosed value of PE deals ($2.7 billion) was also below average but followed an above-average November. At $46.5 billion YTD, PE deal value is 17% ahead of full-year 2014, with one more month remaining in the year.

Cross-border (CB) dealmaking rises
Four deals above $1 billion (three with US buyers and one from the UK) helped push CB disclosed deal value to its third-highest monthly total of the year, halting a second-half slowdown. Despite the strong November showing, CB deal value has averaged only $9 billion per month in the five months of the second half so far, compared with $12.6 billion per month in the first six months.

Note: all data in this report is subject to final verification at the end of the quarter. All values are of announced disclosed-value deals only (accessed 4 December 2015 via The 451 Group Research M&A KnowledgeBase), and dollar references are in US dollars unless otherwise indicated.
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EY explores key themes that can help guide technology executives’ actions during this time of unprecedented disruption in a continuing series of Top of Mind reports, collectively called Navigating the themes of technology disruption.

The series includes:

• Stack to solution – technology stacks being displaced by cloud-integrated solutions

• Hunting for hidden gems – pockets of innovation and troves of data lying untapped within the company

• Multifaceted security – vulnerabilities and threats multiplying amid technology transitions

• In the crosshairs – challenges proliferating from upstarts and activist shareholders

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