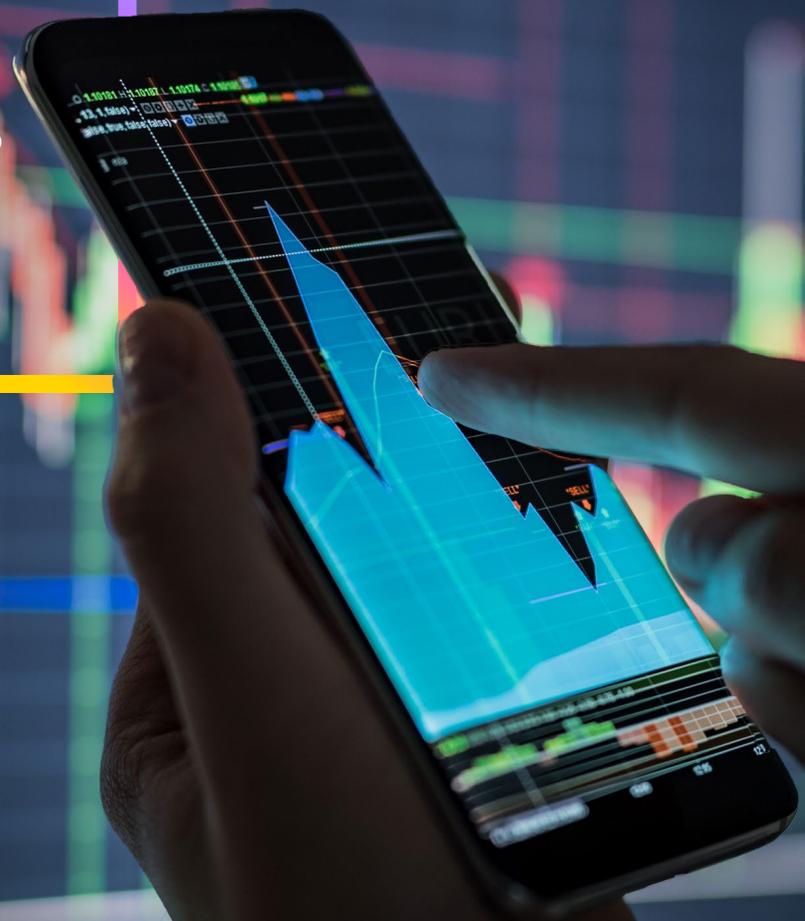


IT Services

Deal insights series

2025 deal round-up



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The better the world works.



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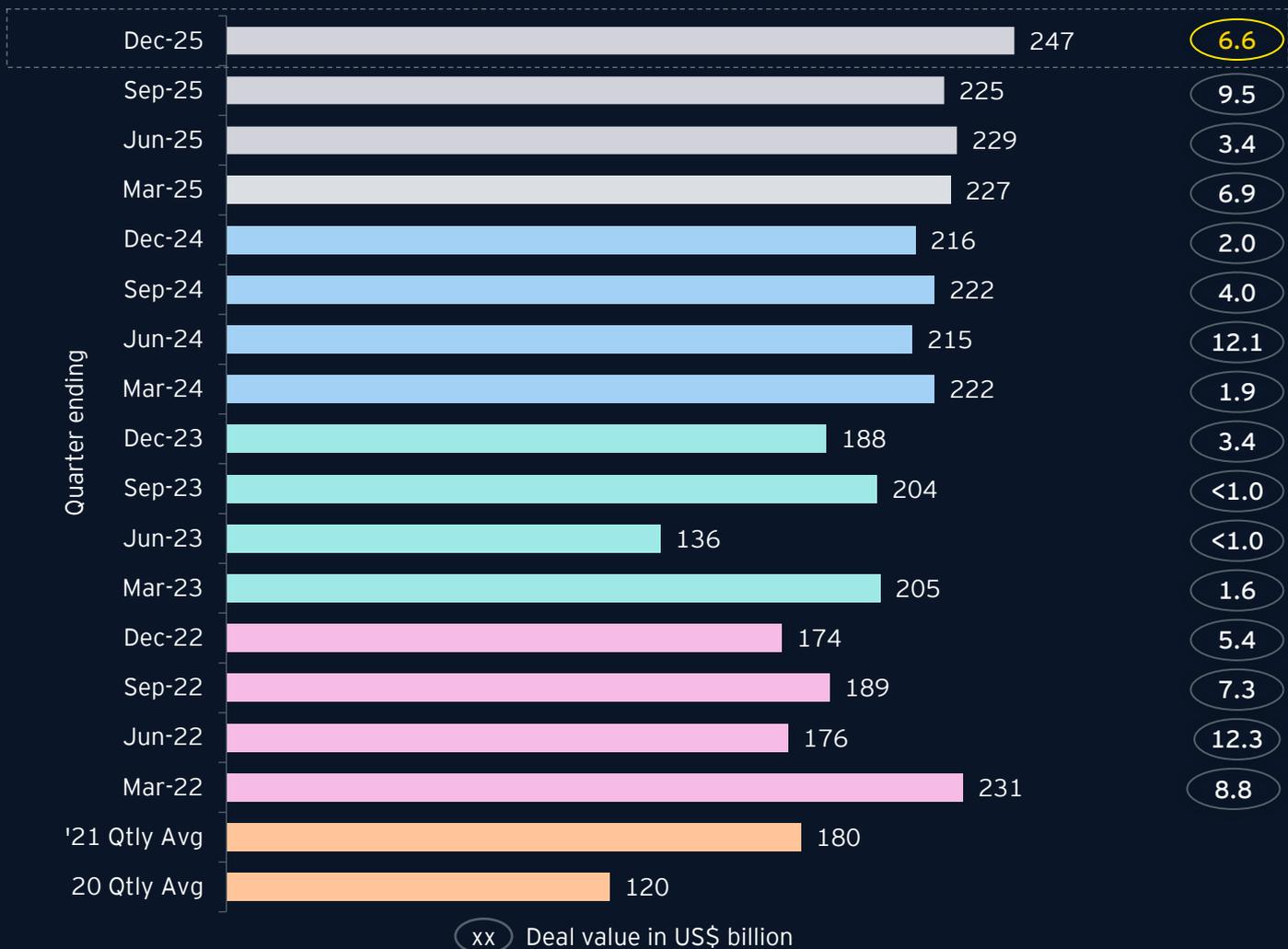


01

Overview of the
deal activity

AI-first services economy: Catalysts shaping 2025 IT services deal trends

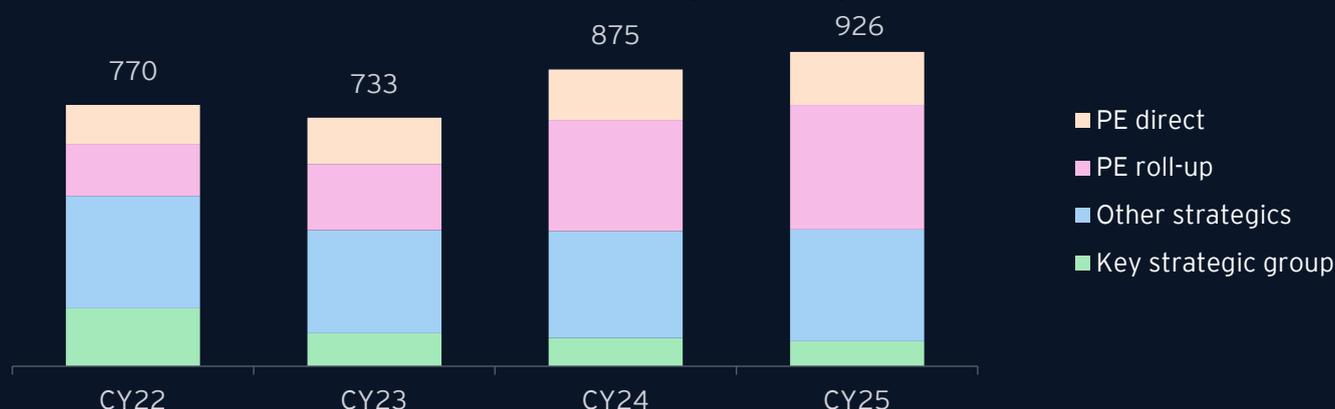
Total number of deals announced



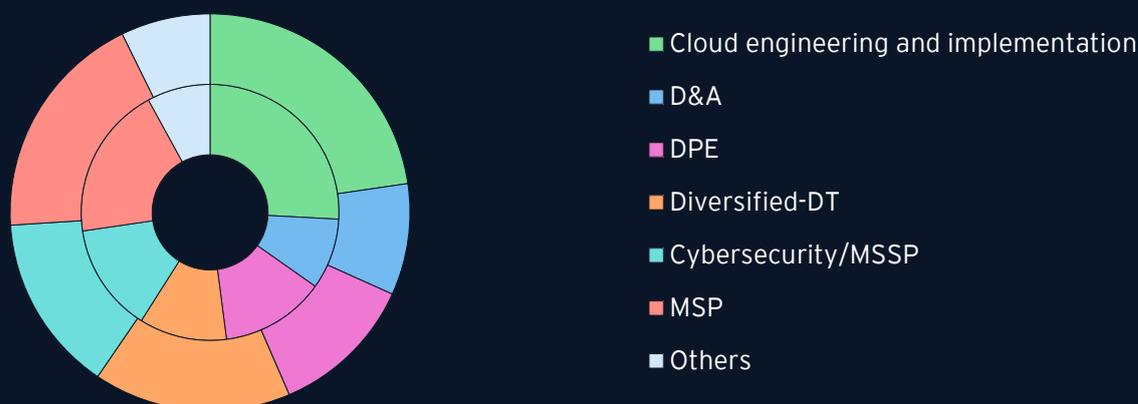
- 2025 marks a reset year for the global IT services market, as the industry pivots from navigating prolonged macroeconomic pressures to building and scaling AI-first services playbooks
- As enterprises move decisively from AI pilots to full-scale production deployments, IT spending is shifting from “innovation for innovation’s sake” to strategic, outcome-driven investments focused on resilience, scalability, and measurable impact
- The 2025 deal landscape is attributed by higher number of large deals(2) (30-plus compared to 21 in 2024) driven by strategics and PEs betting on scalable and repeatable AI playbooks, signalling an industry-wide consolidation wave
- This trend mirrors impending outcome of industry wide slowdown, rapid vendor consolidation and an urgency to embed AI across offerings – a stark contrast to the 2021-22 environment, when deals were more about capability plays and PEs were betting high on emerging technologies
- From AI enablement to AI gravity, 2026 is set to propel a tectonic shift in IT services, driving robust M&A as acquirers prioritize scalable AI integration, simplification and repeatability, while PEs rewrite value-creation playbooks around AI-led efficiency and defensibility

Early sign of evolving AI landscape reshaping strategics' M&A priority and investment thesis

Deal volume by acquirer type



Deal volume by IT services sub-segment



Inner circle: CY 2024; Outer circle: CY 2025

- Strategics and PE-backed portfolio companies are building dominance either through specific competency (Cognizant-3Cloud, Azure; TCS-Coastal Cloud, Salesforce) or client account by acquiring smaller players - a hedging strategy against AI-led volume compression and clients pressing to share the productivity gains
- PEs remain cautious and selective on direct investments, with most of the bets being large (KKR-Datagroup, Carlyle-Adastra, HIG-TimeToAct, TA Associates-Nous)
- Despite a decline in deal volume, the cloud ecosystem remains the hottest M&A theme. As capabilities mature, broader digital transformation players with multi-cloud and application expertise are becoming more attractive, accounting for 25% of PE direct investments alone
- M&A in Salesforce partner ecosystem witnessed notable surge in 2025 (55-plus deals), highest since 2021/22; driven by Salesforce's push to embed AI via Agentforce and build a robust AI stack supported by Data Cloud, MuleSoft, and Informatica
- The year also marks the emergence of AI-native M&A in IT services: Investment in Lyzr.ai (an Agentic AI platform) led by a consortium of Rocket.VC, Accenture, FirstSource and others; Nexus Venture Partners' investment in Cognida.ai, etc.

Source: Mergermarket, Pitchbook, EY research and analysis

Note: For further details on the deal volume split by acquirer type and sub-segment, please reach out to EY Technology Investment Banking team



02

Notable deals in
Q4 2025

Strategics' M&A priority shifts from time-to-capability to scale-led acquisitions

Acquirers are willing to absorb integration risk where assets materially accelerate scale, vertical depth, or ecosystem leadership

Large caps		Other strategic deals			
TCS	»»	Listengage US-based full stack Salesforce partner	Fujitsu	»»	Brainpad Japan-based data and analytics leader
Accenture	»»	Decho UK-based, Palantir strategic alliance partner	Alten	»»	Corus Spanish consulting firm specializing in process and systems integration
IBM	»»	Cognitus US-based SAP S/4HANA and enterprise data transformation consultancy	Insight	»»	Inspire11 AI-focused business and technology consulting firm
HCL	»»	Telco Solutions Provider of AI-led network, engineering, and digital telecom solutions	Hexaware	»»	Cybersolve US-based specialist in Identity and Access Management
NTT Data	»»	The Cloud People One of the largest European ServiceNow partners	Nagarro	»»	Inaho Digital Solutions Japanese IT and SAP S/4HANA services provider

Spotlight deals

Coforge	»»	Encora	US-based AI-native digital engineering specialist enhancing Coforge's hi-tech and healthcare vertical strength and broadening its footprint across the US Deal value: ~US\$2.4 billion
Cognizant	»»	3Cloud	One of the largest independent Microsoft Azure services providers accelerating enterprise AI transformation with deep knowledge in data, AI and app innovation Deal value: Not disclosed
TCS	»»	Coastal Cloud	A leading Salesforce Summit partner; strengthening TCS' AI-first, agent-driven multi-vertical Salesforce competency globally Deal value: ~US\$700 million

From caution to conviction: PEs driving platform roll-ups with selective direct investments

Future exits in IT services likely to increasingly favor platform coherence and AI-centric delivery model

PE roll-up	PE direct
<p>Continued focus on ER&D capabilities</p> <p>Virtusa BPEA EQT</p> <p>Aligns with Virtusa's "full-stack offering from chip to cloud" goal</p> <p>➤ SmartSoc Solutions</p> <p>Neurealm Kedaara</p> <p>Adds silicon designing and embedded systems capabilities to Neurealm's digital engineering portfolio</p> <p>➤ Ignitarium</p> <p>UST Temasek</p> <p>UST acquired Audi-owned Italdesign, an end-to-end concept-to-production engineering firm (Audi remains a strategic client)</p> <p>Capability strengthening</p> <p>Perficient BPEA EQT</p> <p>Deep TMT and consumer focused Salesforce expertise</p> <p>➤ Kelley Austin</p> <p>Lutech Group Altarc Apex</p> <p>Specialist cloud and cybersecurity services provider</p> <p>➤ Making Science*</p>	<p>KKR Majority</p> <p>➤ Techone</p> <p>Dutch market leader in SME (35,000+ customers) digital workplace and ICT services</p> <p>One Equity Majority</p> <p>➤ Digital Value</p> <p>Italian IT services partner delivering integrated ICT infrastructure solutions and digital transformation capabilities</p> <p>Motive Partners Majority</p> <p>➤ Electric Mind</p> <p>US-based provider of technology consulting and business transformations services</p> <p>Recognize Majority</p> <p>➤ Security Risk Advisors</p> <p>US-based cyber advisory firm focused on risk and governance</p> <p>Beech Tree Minority / Growth</p> <p>➤ Simpson Associates</p> <p>UK-based data transformation & AI services provider</p>

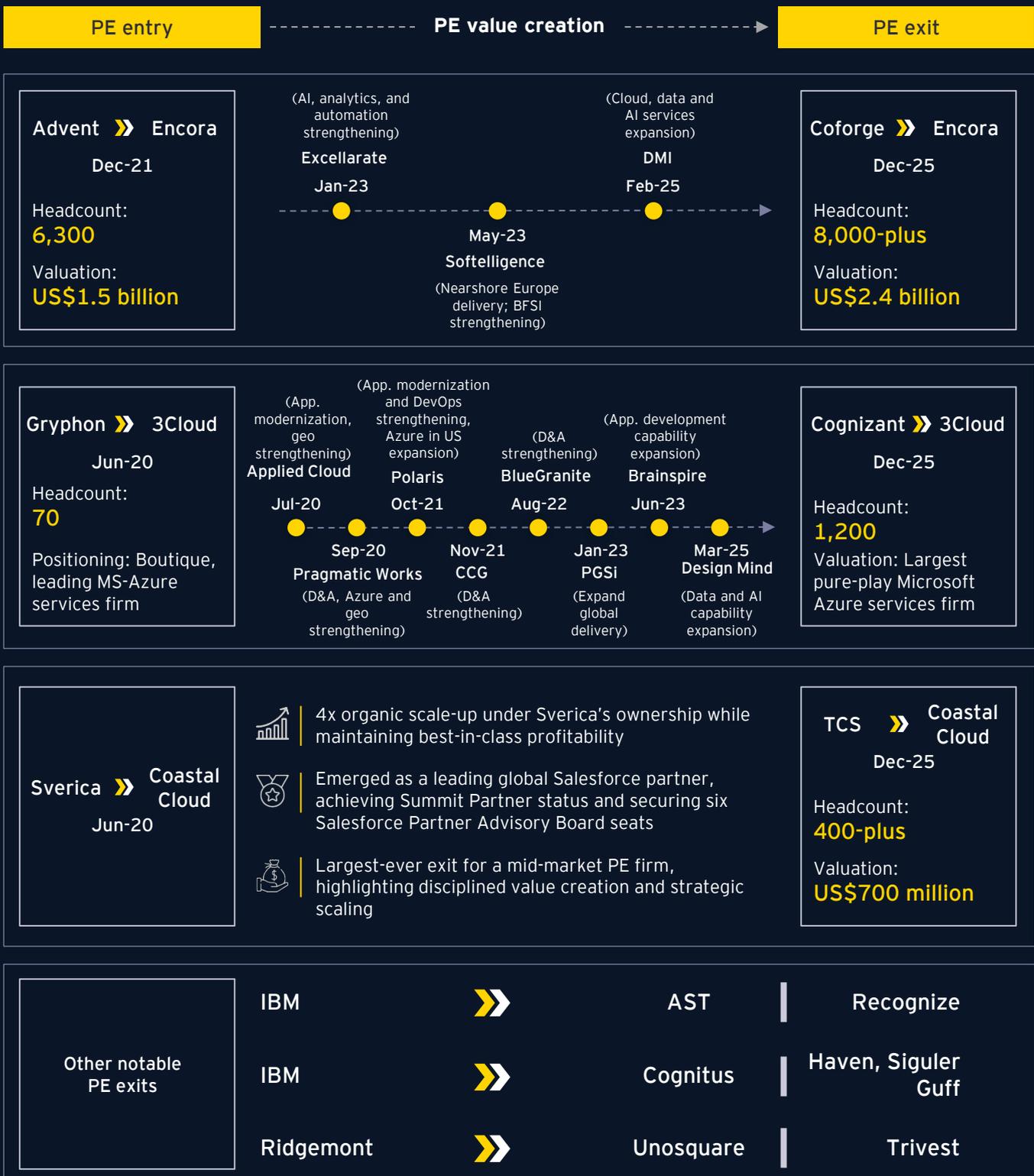


03

PE exits

Strong buyer appetite facilitating mega PE exits despite subdued valuation environment

2020-22 investment surge in data, cloud and digital platforms sets the stage for a PE exit cycle over next 12-18 months





04

Public market valuation trend

Public market multiples stay under pressure amid ongoing macroeconomic uncertainties

Valuation trend over last four quarters



- Amidst valuation multiple compression globally, India-listed large-cap and mid-/small-cap IT services players continue to command a premium versus global peers, driven by strong investor confidence and an ongoing pivot from being “plumbers of the tech world” to “plumbers of enterprise AI”
- At the same time, the ongoing correction among digital-native players continues, marked by slower organic growth and increasing difficulty in sustaining ahead-of-the-curve positioning as digital and cloud capabilities mature
- India’s resilient public market continues to offer global PEs multiple exit strategies to unlock value through IPOs (Hexaware, Fractal) and share swap transactions (Coforge-Encora, backed by Advent International) reinforced by successful precedents of large block deals enabling ultimate monetization

Source: S&P Capital IQ

*Average YoY growth/EBITDA margin for LTM quarter ending Dec-25



05

EY Technology

Investment Banking Advisory

EY Technology Investment Banking Advisory



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Anil Menon
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Altimetrik (TPG)

Advised on its
acquisition of

SLK Software

Access Healthcare

Co-advised on its
majority stake sale to

**New Mountain
Capital**

Intelligence Node

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sale to

IPG

Happiest Minds

Advised on its
acquisition of

Pure Software

Impetus

Advised on its
majority stake sale to

Kedaara Capital

Aureus Tech

Advised on its
majority sale to

Happiest Minds



Methodology

The report is based on secondary data. The information is sourced from MergerMarket, PitchBook, CapIQ, press releases, company reports, news articles, industry reports, etc. The quarterly data is based on deal announcement date.

Definitions

Indian and Global large cap IT services

TCS, Infosys, Wipro, HCL, TechM, LTIMindtree, Accenture, Capgemini, Cognizant, CGI, NTT Data, IBM

Mid and small cap IT services (MSC)

Coforge, Mphasis, Persistent, Zensar, Mastek, Birlasoft, Sonata, R Systems

Digital natives

EPAM, Globant, Endava, Nagarro, NetCompany, Happiest Minds, Grid Dynamics

Key Strategic group

Includes all of the above and Big 4 & Consultancies (EY, Deloitte, KPMG, PwC, McKinsey, BCG, Bain), Agency (WPP, Dentsu, Havas, Publicis, IPG), Hitachi, CDW, HPE, ThoughtWorks, Salesforce, Sopra Steria, SeSa, Grid Dynamics, Alten, AFRY, Etteplan, Assystems, Bertrandt, EDAG, KPIT, L&T Technology Services, Tata Elxsi, Cyient, Genpact, EXL, Ibex, Telus, Teleperformance, Concentrix, TDCX, TTEC, Majorel, Hinduja Global Solutions, Insight Enterprises



Glossary

Abbreviations	Meaning
AI	Artificial Intelligence
APAC	Asia Pacific
Avg.	Average
AWS	DPE
B/b	DT
BFSI	EBITDA
BPM	ER&D
BPS	Business Process Services
CX	Customer Experience
CY	Calendar Year
D&A	Data and Analytics
DPE	Digital Product Engineering
DT	Digital Transformation
EBITDA	Earnings before Interest, Tax, Depreciation, and Amortization
ER&D	Engineering Research and Development

Abbreviations	Meaning
EV	Enterprise Value
FS	Financial Services
IP	Intellectual Property
IT	Information Technology
LCNC	Low-Code/No-Code
LTM	Last Twelve Months
M&A	Mergers and Acquisition
M/m	Million
MSP	Managed Services Provider
MSSP	Managed Security Services Provider
PE	Private Equity
RPA	Robotic Process Automation
Tech	Technology
TMT	Technology, Media, and Telecommunications
YTD	Year to Date

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