

# UK Tech M&A Snapshot 1Q20

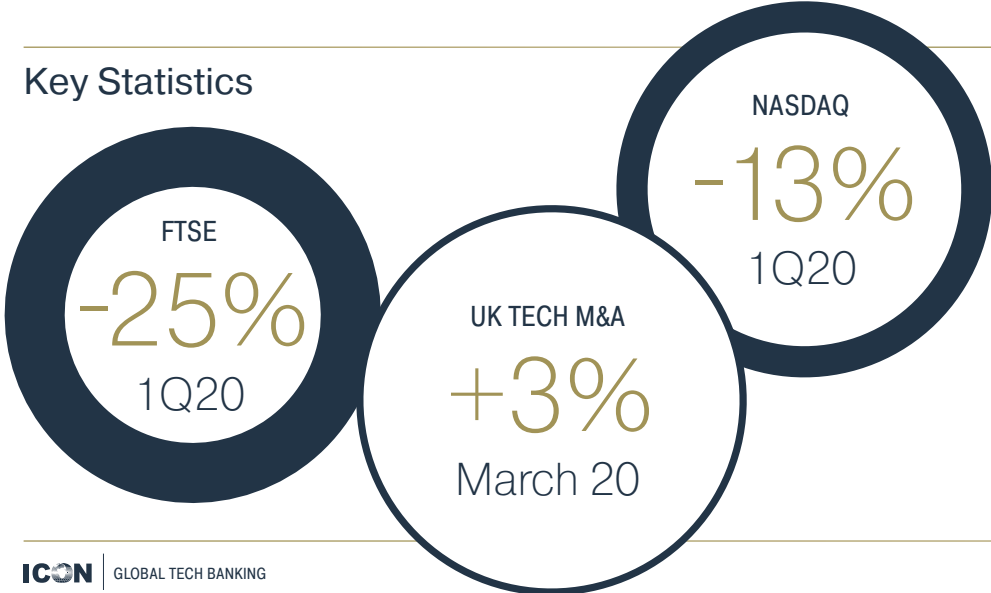
The first quarter of the new decade has been extraordinary as the global pandemic has impacted almost everyone everywhere. The global response to self-isolate to fight COVID-19 has however prompted swift government action boosting liquidity and providing a cushion for many of those that are the most vulnerable.

In the financial world, interest rates have been cut and equity markets have gone from near record highs to falls of up to 30% before rallying.

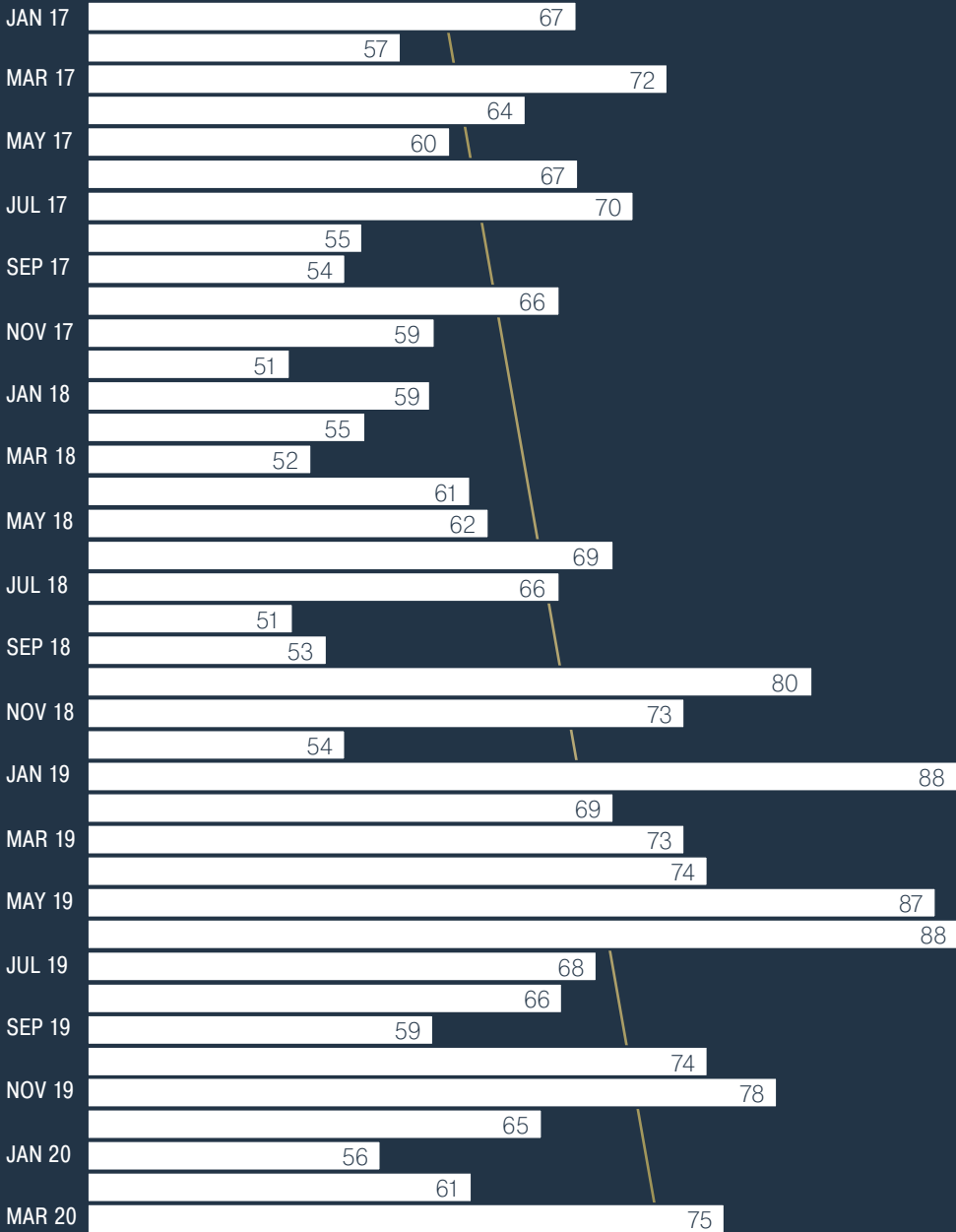
In the UK the FTSE fell 25% but the technology heavy NASDAQ fell just 13% in the first quarter. Putting that into context, the UK equity market is at a 10 year low but the tech heavy NASDAQ is only back to the level it was at for most of last year.

Such equity falls inevitably knock confidence levels, which are key in M&A. However, in the UK Technology sector we still saw 192 M&A deals close in 1Q20. That is lower than last years record numbers but is the same as the 3-year average number

## Key Statistics



## Number of UK Technology M&A Deals



## UK Technology deals closed in March 2020

PURCHASER	TARGET	ACTIVITY OF TARGET
exponential-e	Vysiion	IT Communications
Sopra Steria	cxPartners	Customer experience & design
Kallidus	Engage in Learning	e-learning, HCM
Clayton Dubliner	Huntsworth	Public relations services
TA Associates	Auction Technologies	Online platform for auctions
HelpSystems	Cobalt Strike	Penetration testing platform
HelpSystems	Context Security	Cyber security consulting services
Ideagen	Workrite	Health & safety e-learning platform
WPP	Sandtable	Behavioural analytics / simulation
IT Lab	Sol-Tec	Microsoft Azure Partner. IT Services
Advanced	Tikit	Software for legal and prof services
Aura Futures	Intevi / Karlson	Managed print services
Dematic	Digital Applications	Logistics software
Motorola	Indigo Vision	Manufactures video security systems
Tracsis	iBlocks	Travel/transit software
Descartes	PeopleVox	Warehouse management software
Gamma Comms	Exactive	Unified comms. Microsoft Teams
Bentley Systems	GroupBC	Property related document mgt software
MRI	Orchard Systems	Social housing software
Aptean	Paragon	Logistics software
ClearCourse	Felinesoft	Microsoft based services and software

of deals in Q1. In fact, in March there was a jump in UK deals with 75 Technology deals closing - which is actually 3% higher than last year. Many of these deals will have been in progress for several months and is a significant vote of confidence in UK Technology sector. Many buyers are clearly looking beyond the immediate uncertainty.

Companies that closed deals in the UK Technology sector in March (in the midst of coronavirus) include US buyers such as Aptean, MRI Software, Bentley Systems, Motorola and Help Systems. Similarly, UK buyers such as Gamma Communications, Advanced, Tracsis, Ideagen, ClearCourse, Access and IT Lab have also closed deals in March.

COVID has impacted everyone, but the Technology sector is better placed than most with many of the major tech acquirers having very strong Balance Sheets and strong cashflow from highly recurrent business models. In fact, there is no doubt that in a post COVID world we are all likely to be more comfortable with a remote working environment and operating in a Modern Workplace. That should help accelerate adoption of cloud-based technologies across a

range of sectors and continued M&A demand for these businesses.

**“Many buyers are clearly looking beyond the immediate uncertainty”**

At ICON we have successfully closed deals in all types of trading environments in the past 21 years and have no doubt there will remain good demand for well-run UK technology companies in a Post COVID world. Stay safe.

**Brian Parker, April 2020**

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