

IMAP

Software and ICT services

Nordic Sector Report

H1-2024

We are sector focused M&A Experts, who provide outstanding results to our clients

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SNAPSHOT OF H1



The first six months of 2024 the Nordic M&A market for software and ICT services experienced a moderate level of activity. Compared to the first half of 2023, there was a slight decrease in the number of transactions, reflecting cautious behavior among investors amidst global economic uncertainties.

In challenging times, insight and understanding of one's own company, along with accurate data and figures, become more critical than ever. Technologies such as artificial intelligence (AI), machine learning, and automation are becoming increasingly widespread and will play a crucial role in enhancing efficiency and productivity across various industries. In a way, every company is evolving into a "tech company", with technology becoming the core of their business.

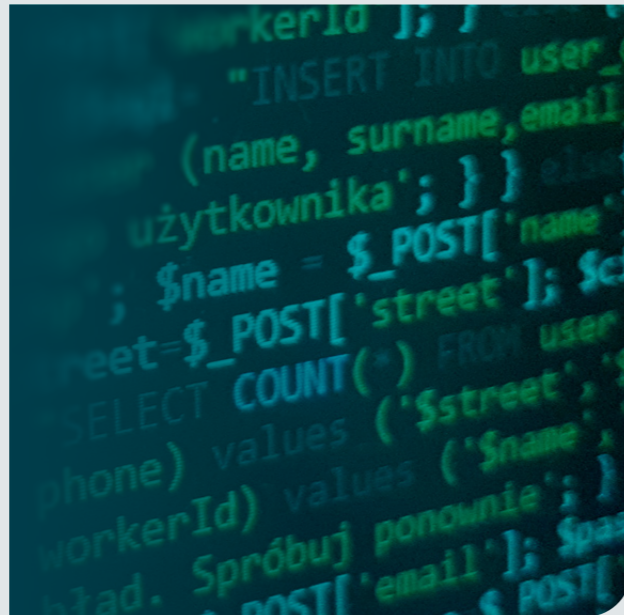
To manage all this technology and data, the demand for cloud-based services and infrastructures is growing. Companies are striving to optimize their IT resources by migrating to the cloud to enable scalability, flexibility, and cost-effectiveness. We see a clear trend where many buyers, both industrial and financial, are looking to secure a position in this niche through acquisitions.

Looking forward, M&A activity in the software and ICT services sector is expected to pick up in the second half of 2024, driven by continued consolidation in the cloud and AI sectors. Private equity firms are likely to become more active, seeking to capitalize on market shifts and technological advancements. Tech companies specializing in mission-critical software, cloud services, cybersecurity, and AI remain attractive targets for both domestic and international buyers.

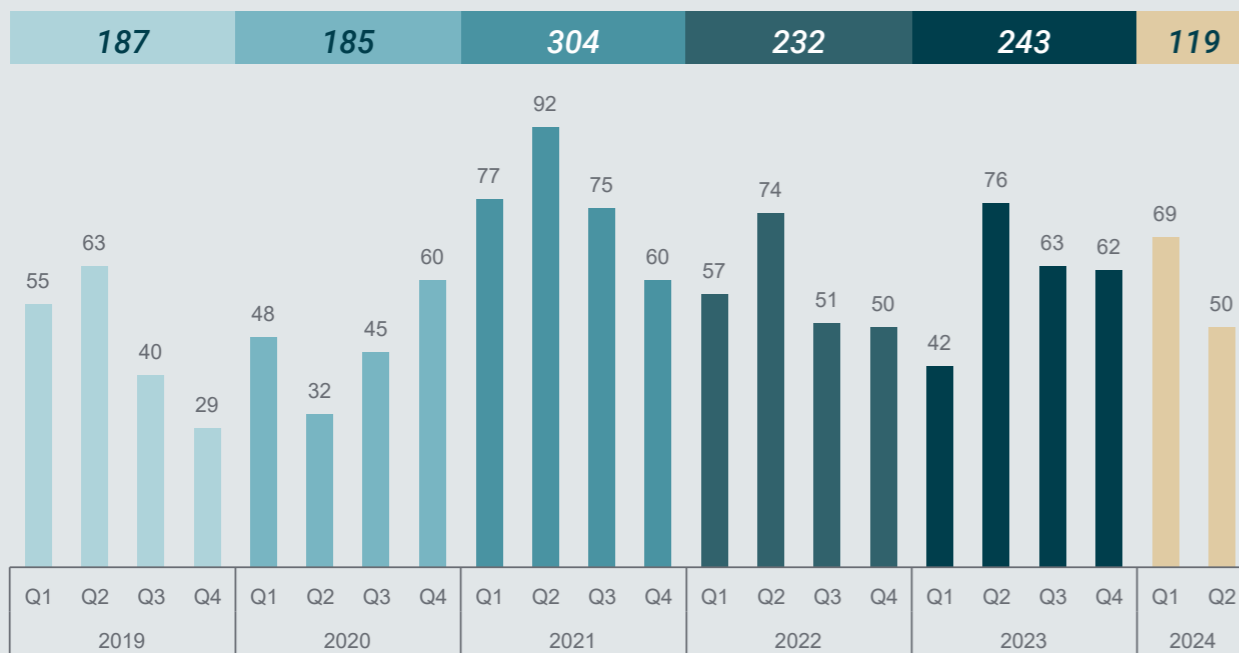
SOFTWARE

Market overview

The Nordic software sector remains resilient with 119 announced transactions in the first half of 2024 compared to the 118 transactions announced in the same period of 2023. Especially the first quarter of the year showed momentum in the number of deals compared to the year before. The second quarter, ending 30 June 2024, was more muted with fewer deals in all four countries across the Nordics. Higher cross-border activity was observed, and international buyers from outside the Nordics made up 34% of all announced deals. Financial investors including private equity and family offices are still key to the sectors high activity.



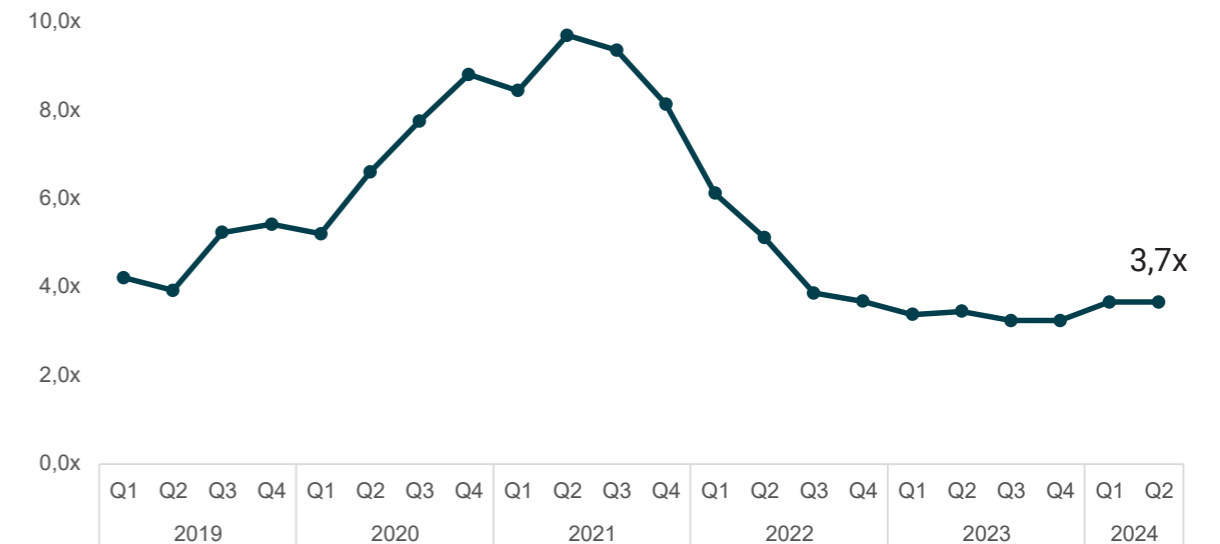
Number of Nordic software transactions



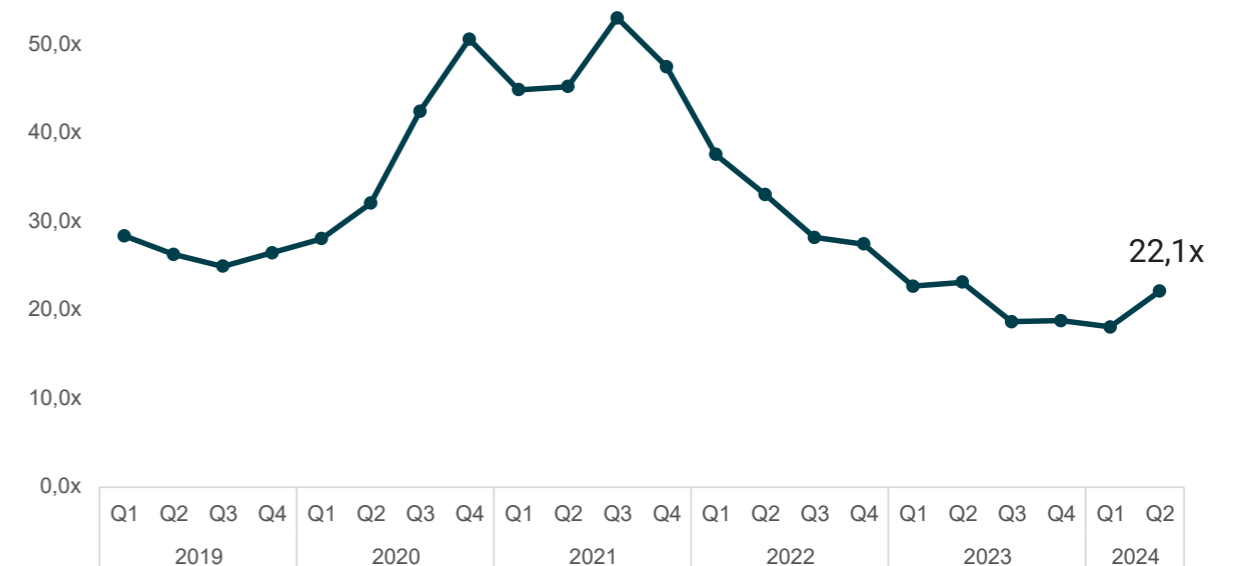
Sources: Mergermarket and IMAP analysis.

Notes: Deal volume based on Mergermarket industry category "Computer software" excluding targets where software is non-core. Venture and capital raises have been excluded.

EV/Sales multiple



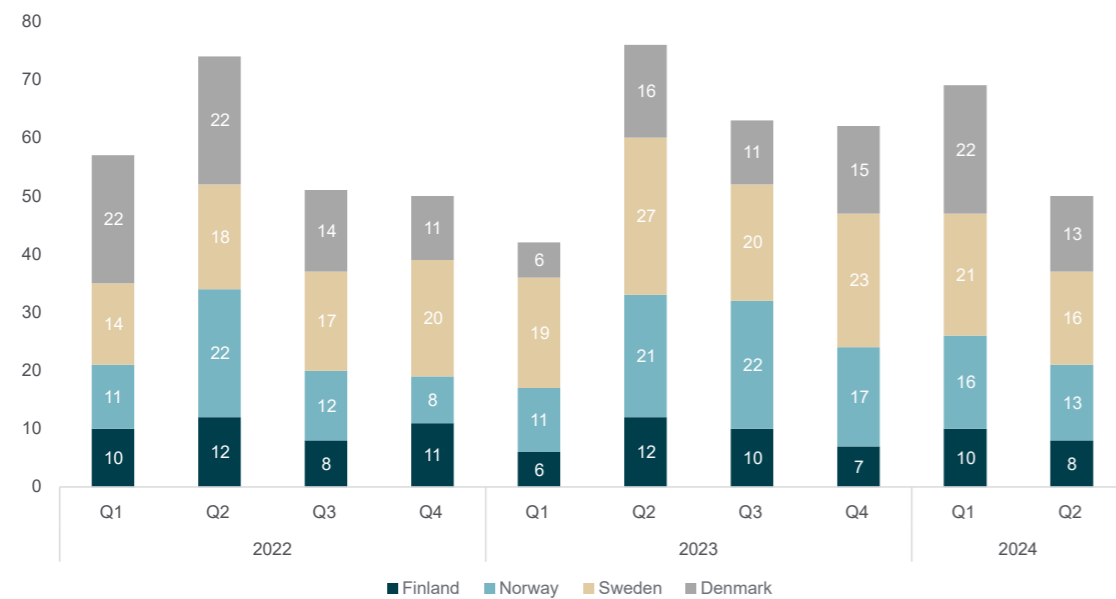
EV/EBITDA multiple



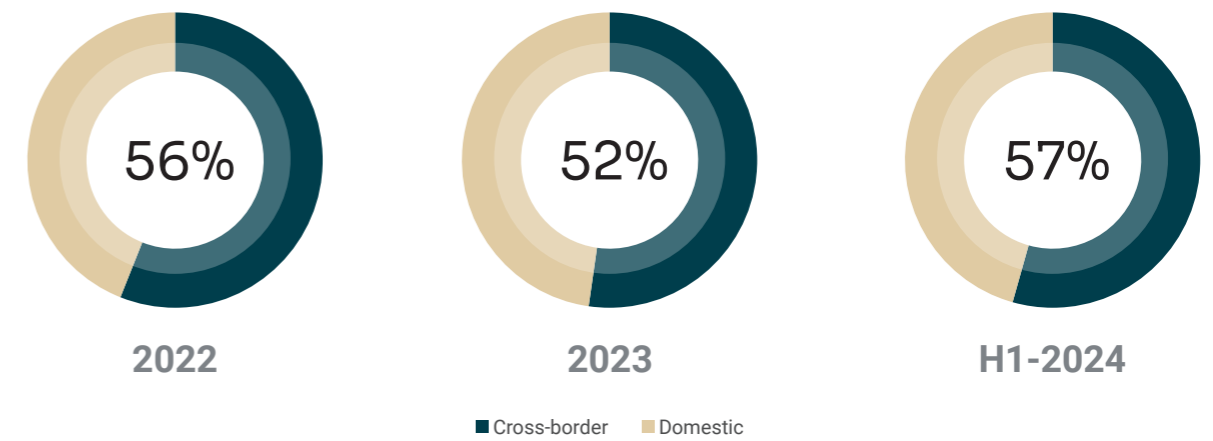
Sources: S&P Capital IQ

Notes: Multiples based on a sample of 60 listed software companies (FI, SE, DK, NO). Month-end trading values have been converted to median quarterly multiples.

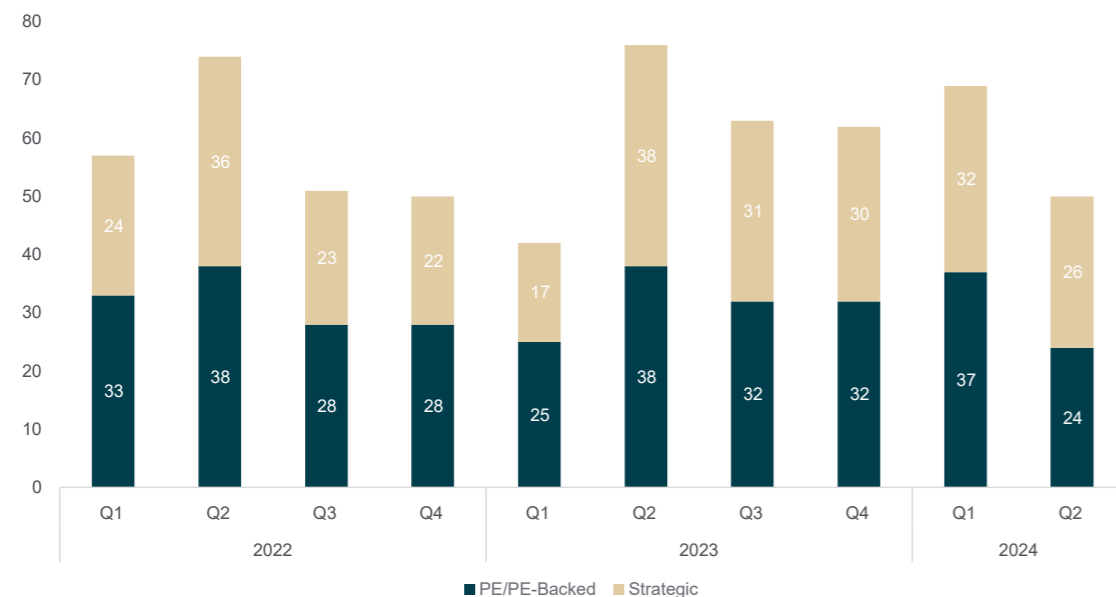
Deal volume by target country



Cross-border deals



Deal volume by buyer type



SOFTWARE MARKET CONCLUSION

The Nordic software sector continues to demonstrate resilience with another quarter of robust M&A activity. Although transaction levels remain below the peak of 2021, which saw 169 deals in H1, the market is holding steady despite significant local and global macroeconomic and political challenges. In the first half of the year, deal counts remained stable in Finland and Norway. Sweden saw a slight dip, from 46 transactions in H1 2023 to 37 this year. Denmark, however, experienced a notable increase, with deal count rising to 35 from 22 in the same period the previous year.

Buyers remain focused on profitability and high-quality revenue businesses, maintaining elevated standards for premium valuations. This has sustained the gap between buyer and seller expectations. However, companies that can demonstrate significant or high growth while maintaining profitability are rewarded with higher valuation multiples and increased attention from buyers.

Financial investors continue to play a prominent role in the Nordic software M&A landscape, accounting for more than half of all buyers in H1 2024. However, there has been a noticeable decline in the number of add-on acquisitions to existing portfolio companies compared to previous periods.

Sources: Mergermarket and IMAP analysis.

Notes: Deal volume based on Mergermarket industry category "Computer software" excluding targets where software is non-core. Venture and capital raises have been excluded.



SELECTION OF NORDIC TRANSACTIONS

H1



 **relesys** 

Acquired by

 **copilot capital** 

 **meebook** 

Acquired by

 **VISMA** 

 **ProMark** 

Acquired by

 **FORTINO CAPITAL** 

 **minso solutions** 

Acquired by

 **NORDTECH** 

 **visitgroup** 

Acquired by

 **PSG** 

 **BRP SYSTEMS** 



Acquired by

 **NORDIC CAPITAL** 



 **MILLUM** 

Acquired by

 **MAIN CAPITAL PARTNERS** 

 **pridok** 

Acquired by

 **CGM CompuGroup Medical** 

 **maritech** 

Acquired by

 **CAi Software** 

 **SOFTERA** 

Acquired by

 **banyan SOFTWARE** 

IMAP Transaction

 **AICO** 

Acquired by

 **AKKR ACCEL-KKR** 

 **LUMOA** 

Acquired by

 **NETIGATE** 

“

The transaction was finalized within 9 months from the start, successfully meeting the target timeline.

● Read more on p. 20

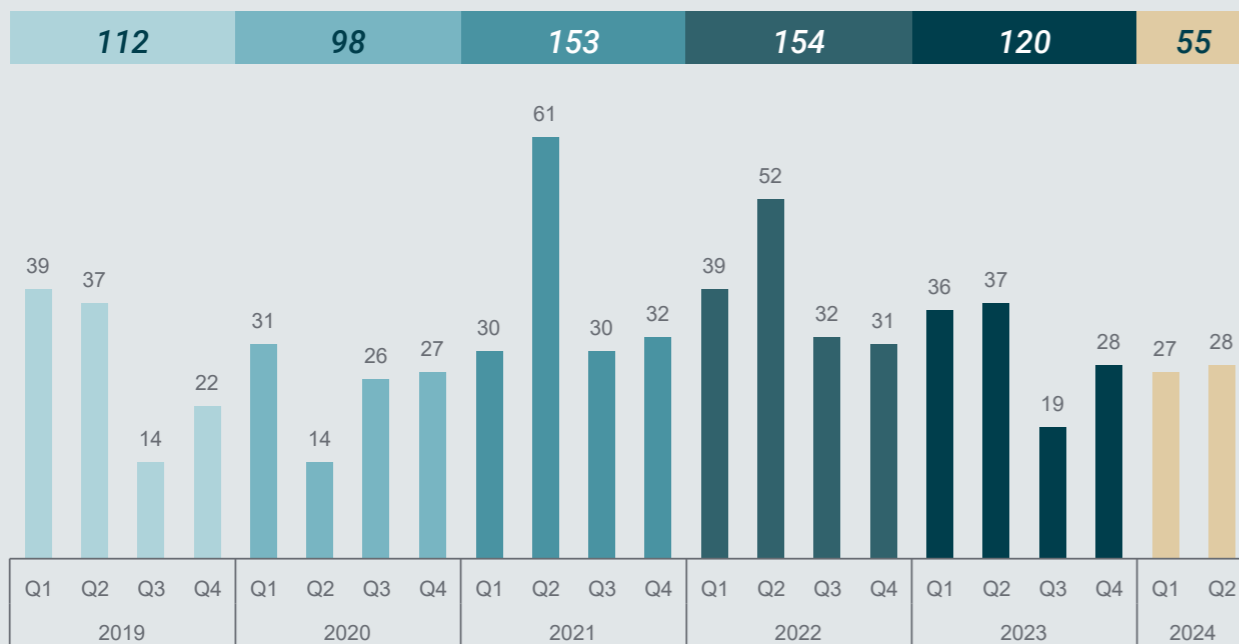
ICT SERVICES

Market overview

The M&A market for ICT services remained suppressed, with the number of transactions decreasing by 25% in the first half of 2024 compared to the same period last year, and a more pronounced 40% drop when compared to the first half of 2022. This downturn was primarily driven by a reduced demand for ICT services, cautious projections from major IT services companies, and a decrease in the valuation of publicly listed companies. Concurrently, private equity activity in the ICT services M&A market has been notably low.



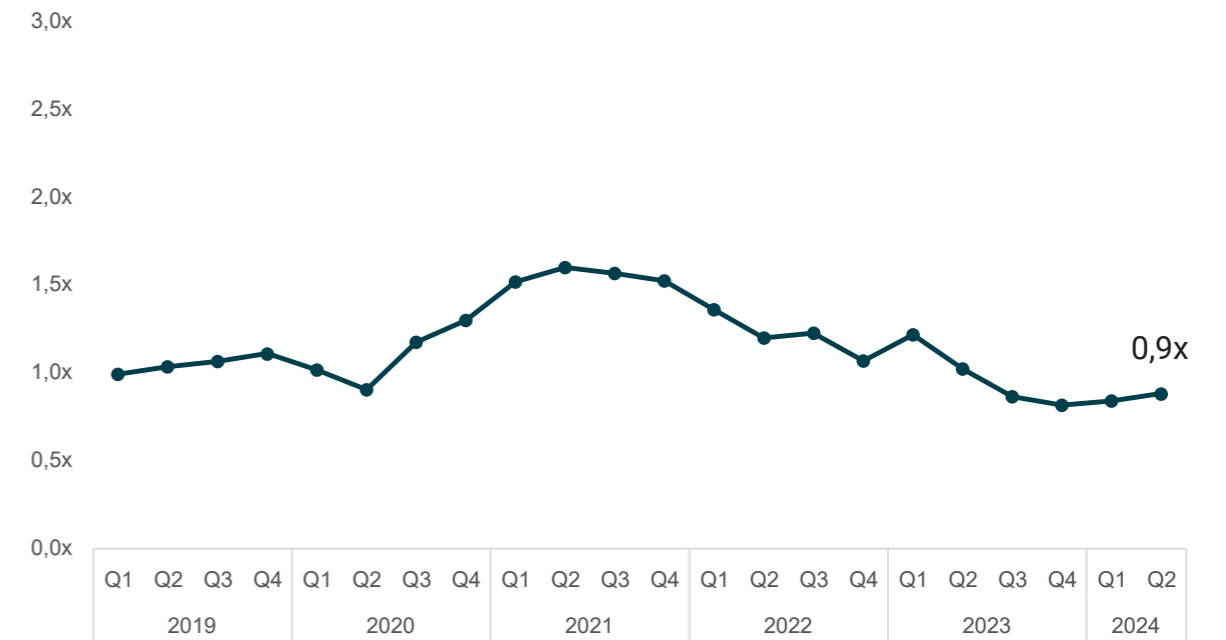
Number of Nordic ICT services transactions



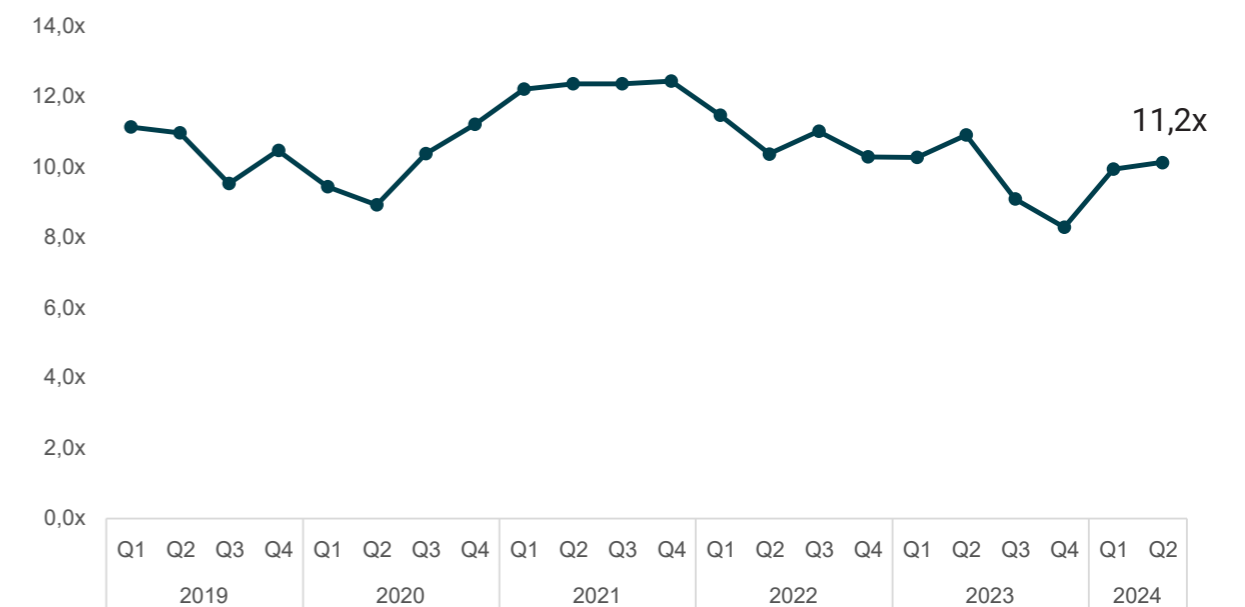
Sources: Mergermarket and IMAP analysis.

Notes: Deal volume based on Mergermarket industry category "Computer services" excluding targets within "Hardware maintenance". Venture and capital raises have been excluded.

EV/Sales multiple



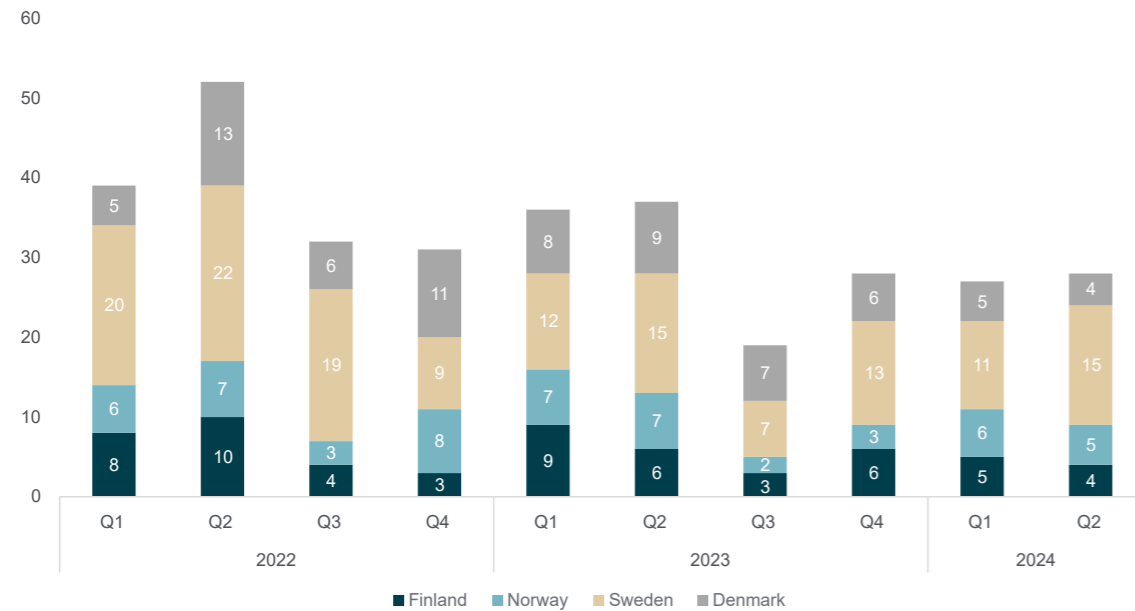
EV/EBITDA multiple



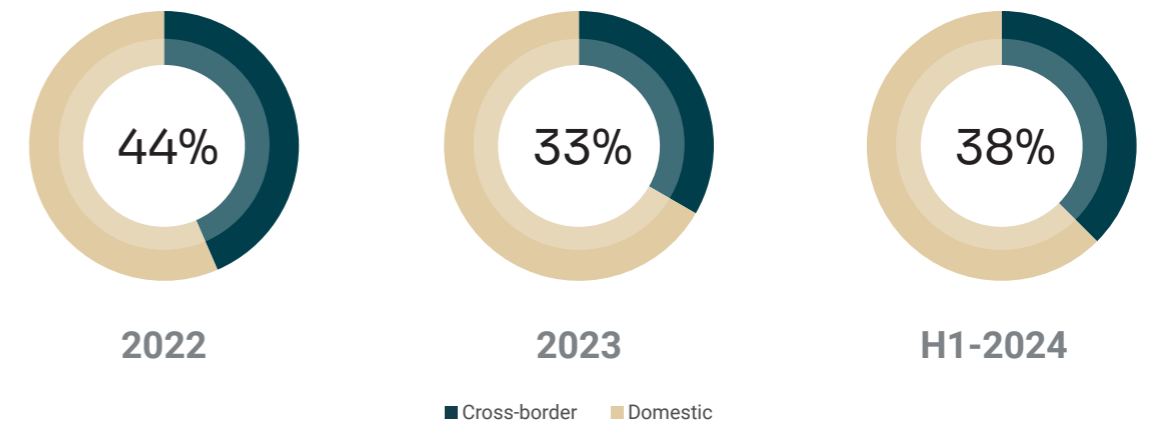
Sources: S&P Capital IQ

Notes: Multiples based on a sample of 22 listed ICT services companies (FI, SE, DK, NO). Month-end trading values have been converted to median quarterly multiples.

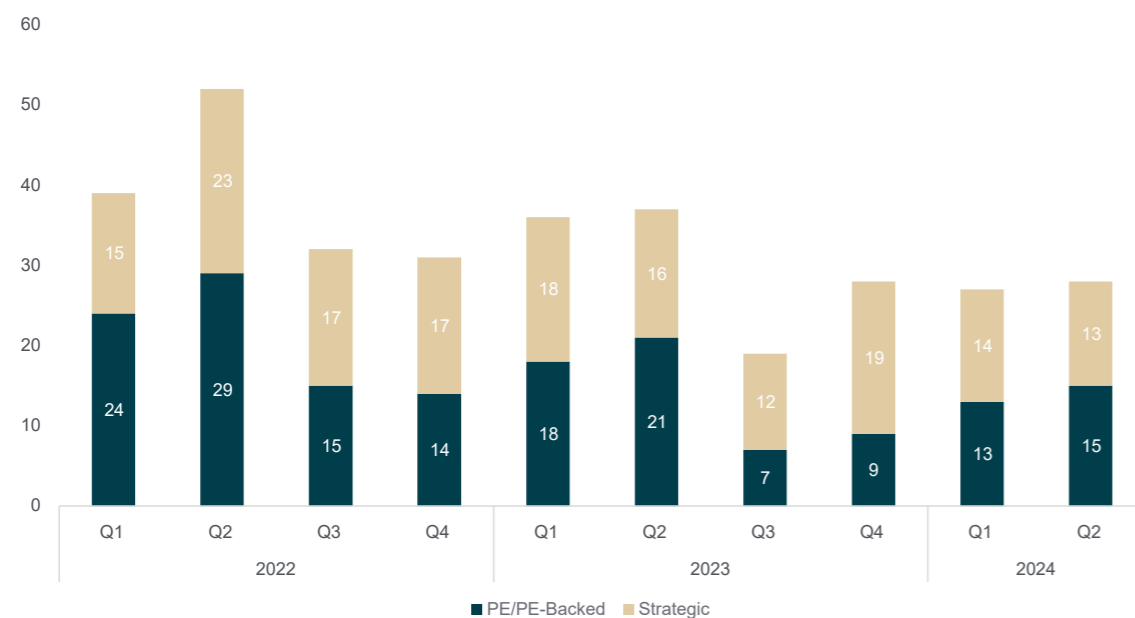
Deal volume by target country



Cross-border deals



Deal volume by buyer type



ICT SERVICES MARKET CONCLUSION

During the first half of 2024, ICT services companies generally faced weak demand for new projects, delays in ongoing initiatives, customer budget cuts, and external price pressures on less complex software development and digitalization tasks. As a result, strategic acquirers have focused on enhancing their efficiency and utilization rates, with an emphasis on generating free cash flow. The relatively weak performance of ICT services companies has led to a decline in their valuations, both in absolute terms and in trading multiples.

However, there are signs of improvement. Some companies have issued more positive outlooks or forecasts in their Q2/2024 reports, and innovative services such as AI, data analytics, and business-critical software development continue to attract acquirers' interest. Additionally, new private equity firms, like Voland Partners, have entered the ICT services market to contributing to increased consolidation in the future.

Sources: Mergermarket and IMAP analysis.

Notes: Deal volume based on Mergermarket industry category "Computer services" excluding targets within "Hardware maintenance". Venture and capital raises have been excluded.

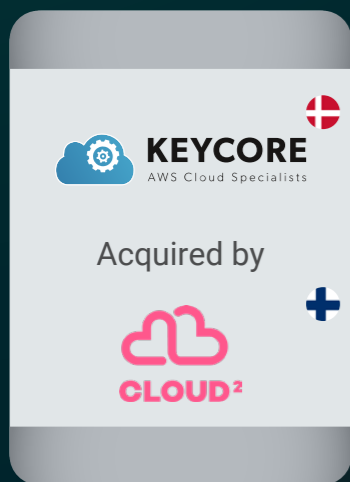
SELECTION OF NORDIC TRANSACTIONS

H1

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There was a very high interest from both strategic and financial buyers, which created high competition between buyers.

● Read more on p. 18



KEYCORE
AWS Cloud Specialists

Acquired by




M3 MIND YOUR BUSINESS

Acquired by




dataminds

Acquired by




CloudEnablers

Acquired by



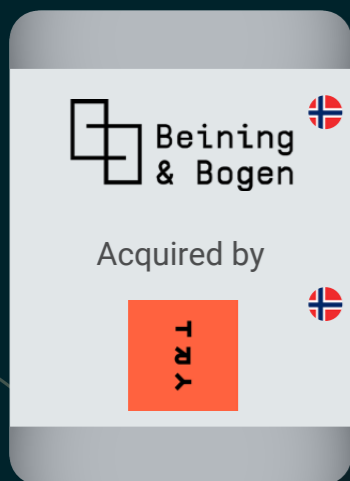

EDGEGUIDE

Acquired by




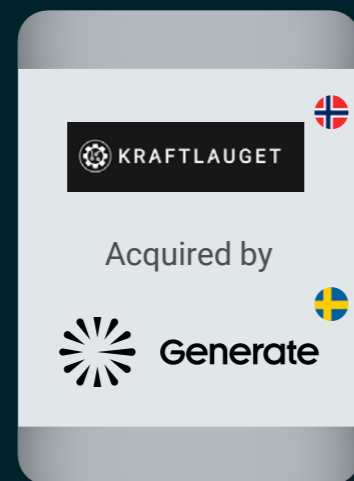

NaviPro

Acquired by


Beining & Bogen

Acquired by

KRAFTLAUGET

Acquired by



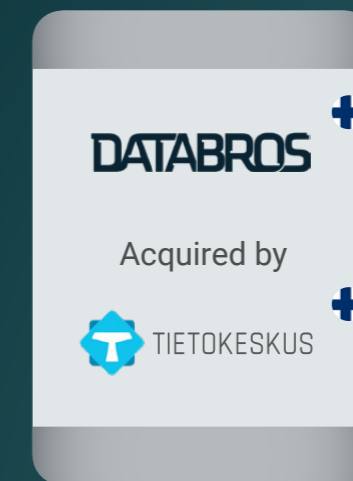

solv

Acquired by





procori
Part of Devoteam

Acquired by

DATABROS

Acquired by




NEOMORE

Acquired by



IMAP

INSIGHTS FROM EXPERTS



TIMO NUORLA
IMAP FINLAND (CARNER CF)

Following a sluggish 2023, overall M&A activity in Finland has remained subdued due to an uncertain macroeconomic backdrop, fluctuating interest rates, and increased caution among investors. This trend is also evident in the ICT services and software sectors. Despite these challenges, there continues to be strong demand for digital transformation and innovation.

Tech companies specializing in, for example, mission-critical software, cloud services, cybersecurity, and AI remain attractive targets for both domestic and international buyers. A notable transaction was the acquisition of Finnish AI service company Silo AI by US-based AMD in summer 2024 for \$665 million. As the market adjusts to these conditions, there is a cautiously optimistic sentiment that a rebound may be on the horizon in the second half of 2024.



MICK OHIRA
IMAP DENMARK (DEALHAUS)

M&A activity in the Danish software sector is gradually returning to levels seen in late 2022, following a 2023 with M&A activity hitting a pre-2021 low. The strong Danish economic environment, coupled with a focus on innovation and growth within the software sector, is fostering a more dynamic market.

Strategic buyers account for approximately 57% of transactions, yet private equity remains a critical driver in the market. Notably, international buyers dominate, with cross-border activity comprising over two-thirds of all announced deals in 2024. A significant portion of these buyers are either private equity-backed entities or vertical market specialists, fueling the momentum. Smaller companies with defensible niche positions in vertical or mission-critical software are particularly instrumental in driving this positive trend.

We've observed a notable increase in activity from both buyers and sellers, signaling a shift in the market's momentum. While this hasn't yet translated into a higher number of completed deals, the groundwork is being laid as buyers and sellers prepare for potential transactions. Currently, buyers are making highly strategic acquisitions, particularly in AI, cloud services, and cybersecurity, with a focus on strengthening their market positions. However, with the uptick in market activity, we may soon see buyers expanding their investment scope to consider a broader range of opportunities across the Nordic region.

In our recent transaction in the cloud services sector, it was evident that all the potential buyers are positioning themselves within this segment. This is not surprising, as the demand for cloud services continues to grow rapidly. Companies in Sweden are increasingly moving their IT resources to the cloud to enhance flexibility and reduce costs.



ANDREAS ANDERBERG
IMAP SWEDEN



Cloud Enablers Acquired by Generate Group

Over the past decade, a major shift has occurred in corporate IT infrastructures, with an increasing amount of data and applications being migrated to the cloud. This has resulted in better, faster, and more cost-effective services compared to traditional data centers. Today, the cloud is a key factor in the success of digital transformation and in keeping IT infrastructures up to date.

This shift was something the founders of Cloud Enablers predicted early on, and they believed that cloud services would dramatically change the way IT services are developed, produced, and consumed. With this in mind, they founded Cloud Enablers in 2014. Today, the company is a specialist in cloud services, with many years of experience in software development, architecture, analytics, and product development—as well as project management in digital transformation.

A collaboration with Amazon Web Services began as early as the company's first year of operation and over the years, additional partnerships have been established with providers such as Microsoft Azure, New Relic, and Aqua.

When IMAP Sweden started a dialogue with the owners of Cloud Enablers, it quickly became clear to us that the company had both deep and long-standing expertise and collaborated with several leading technology partners. In addition, the market for cloud services is growing at an increasingly rapid pace, and global investments in public cloud services are predicted to increase by 20 percent in 2024, according to research firm Gartner, inc.¹

Cloud Enablers had also been courted by several potential buyers, as many companies want to position themselves within this segment. Among these were both large traditional IT companies and financial actors who saw an opportunity to benefit from the growing market.

After thorough preparatory work, a large number of companies, both Swedish and foreign, were contacted. The foreign companies that were contacted had been suggested by our international colleagues. Interest was generally very high, and the owners of Cloud Enablers therefore had a wide selection of prospective buyers to choose from.

At the beginning of the external contact phase, the owners chose to meet many of these companies to understand the different options and avoid limiting themselves to a certain category of buyers. Of course, the valuation of the company was an important factor, as it was at least as important for the owners to understand the soft values that the buyer candidates lived by, given that the staff is very significant to them.

The choice of buyer ultimately fell on **Generate Group**, a growing company with the goal of becoming a leading player in high-end software development and associated IT services in the Nordics and Northern Europe.

”Some of the factors that contributed to our selection of Generate were their decentralized business model, which allows us to continue developing Cloud Enablers in our own way, while benefiting from synergies through collaborations within the group. The deal with Generate also gave us the opportunity to continue as shareholders, which was something we wanted—not only because we have much left to build, but also to show our employees that it's business as usual, with added benefits!”

Nicklas Hafner,
CEO of Cloud Enablers

Generate Group is owned by Aspira Partners, a Nordic investment company. Cloud Enablers was Generate's sixth acquisition. Since then, the group has completed its first acquisition in Norway by purchasing the company Kraftlauget, marking its establishment in the Norwegian market.

¹Gartner, inc. Gartner Forecasts Worldwide Public Cloud End-User Spending to Reach \$675 Billion in 2024. (May 20, 2024).

Softera Acquired by Banyan Software

After 9 months from the first meeting with IMAP Finland (Carner CF), the transaction was successfully completed.

Founded in 2007, Softera is a provider of Business Support Systems (BSS) and Contact Center as a Service (CCaaS) solutions. The company's offering includes ERP system Softera360°, and Softera Horizon, a system designed for managing customer service and encounter processes. Softera's solutions for electronic transactions, product and contract management and invoicing are deeply integrated into its customers' daily operations, playing a critical role in their success and customer satisfaction.

After growing Softera to nearly 4 million euros in annual recurring revenue, the owners began contemplating the divestment of the company in 2023. Understanding the importance of having an advisor specializing in software companies and international M&A with a proven track record in such deals, Softera engaged IMAP Finland (Carner CF) to lead and facilitate the sale process after a thorough advisor selection process.

IMAP Finland's (Carner CF) tech team led a comprehensive sale process to find the best possible buyer for Softera in terms of valuation, terms, and the future of the company. The tech team conducted an international buyer search and managed negotiations, leveraging their expertise in SaaS businesses. After a competitive bidding process and preliminary negotiations, the US-based Banyan Software was selected as the most attractive candidate to move forward with. IMAP Finland (Carner CF) advised the owners of Softera throughout the sale process, and the transaction was completed within 9 months of the start, meeting the target timeline. After the transaction, Softera remains an independent operator and continues to further develop and improve its service offering as part of and supported by globally operating, rapidly growing Banyan.

“Partnering with Banyan Software is a significant opportunity for Softera. Banyan's approach to investing in and nurturing software businesses aligns with our values and long-term goals. We look forward to leveraging Banyan's resources and expertise to drive further innovation and growth. The change in ownership will not only preserve but enhance our commitment to serving our customers, ensuring continued and improved service into the future.”

Teemu Nyberg
CEO of Softera

“We are thrilled to welcome Softera to the Banyan family. This acquisition represents an exciting milestone as we plan to partner with more outstanding businesses in the Nordic market. Softera has a long history of delivering mission critical solutions to leading telecom companies, and we look forward to working with them in this next chapter of growth.”

Erik Dahl, Investment Director, Head of Nordics at Banyan Software

“The addition of Softera to Banyan underscores our commitment to continuous growth within the telecommunications sector. We are eager to provide Softera with operational support to further enhance its offerings and customer relationships.”

Keith Bird, Operating Partner at Banyan Software

Banyan software is a leading US-based acquirer and permanent home for successful enterprise SaaS businesses. Established in 2016, Banyan is backed by a group of CEOs and investors with deep technology experience and currently operates across a growing number of verticals. By acquiring Softera, Banyan enters the Nordic's for the first time, expanding its presence in the region. Following the acquisition of Softera, Banyan plans to partner with more businesses in the Nordic region.

CASE STUDY

Danish iVISION acquired by norwegian Visma

After several parties had reached out to the owners, IMAP Denmark (DealHaus) was engaged to lead a sales process from start to finish.

iVISION is a Danish vertical software company that is developing and marketing its cloud-based SaaS solution, Legis365 for legal advisors. The intuitive and flexible solution enabled legal advisors to create and access client journals, communicate, and handle documents with ease, which made it a very compelling and innovative offering that was adopted by more and more Danish law firms. A solution that became part of the critical IT infrastructure for more than 350 law firms and legal departments in Denmark and was capturing market shares at a rapid pace.

As iVISION's prominence grew, multiple potential buyers approached its owners with intentions of a takeover. Recognizing the need for expert guidance, the owners

engaged IMAP Denmark (DealHaus) tech team to facilitate and lead an accelerated process to investigate if a deal under the sellers desired terms could be negotiated and reached.

Through the structured approach and selection process, iVISION and IMAP Denmark (DealHaus) identified the Scandinavian software behemoth, Visma, as the most attractive candidate. The pre-existing integration between iVISION's Legis365 and several Visma products highlighted significant synergistic value, setting Visma apart from other contenders.

” We have worked with a highly competent and always committed team with Mick Ohira at the helm. The many tasks that a sales process contains resulted in several long working days, but a great effort from IMAP Denmark (DealHaus) meant that we reached the finish line safely and securely. There is no doubt that if you are considering selling your business, we can only recommend that you contact IMAP.”

Jesper Byskov,
Commercial Director and
Co-founder of iVISION.

The strategic decision to go with Visma as a potential buyer, took into account not only the existing collaborations between iVISION and Visma but also the potential for expansive growth and enhanced service offerings. The integration capabilities already established between the two firms provided a stable foundation for the deal, promising a smoother transition and immediate realization of commercial gains

The acquisition by Visma has positioned iVISION for further growth and innovation, with enhanced capabilities to serve a broader market spectrum, thereby reinforcing its position within legal tech solutions. This case study exemplifies how strategic partnerships and professional guidance are crucial in navigating the complex dynamics of mergers and acquisitions, leading to successful outcomes for all stakeholders involved.

Throughout the deal process, IMAP Denmark (DealHaus) was instrumental in managing negotiations, ensuring transparency, and aligning both parties' expectations. Focusing their experience from tech M&A became evidently valuable in their ability to foresee potential hurdles and proactively address them, thereby minimizing risk and expediting the transaction timeline.



ABOUT IMAP

Since 1973, IMAP has been navigating critical business crossroads for entrepreneurs and family offices, shareholders and investors, business owners and management. We're passionate about maintaining an agile and uninfluenced position, to produce optimal results and smooth transactions for every client.

Our experience: Closing at least one transaction every working day around the globe

51 Countries

450+ IMAP professionals worldwide

231 Deals closed 2023

#7 Worldwide ranking

Our task is to create the right solution for you and your company, where price, conditions and culture come together in a higher unity. But perhaps even more importantly, our task is to advise and guide you through the entire process, so that you feel informed and comfortable with the decision you are facing at all times. We specialize in the sale of small and medium-sized companies, and we are passionate about helping owner-managers when the difficult decisions have to be made.

Let's talk software and ICT services!

IMAP Finland // Carner CF



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