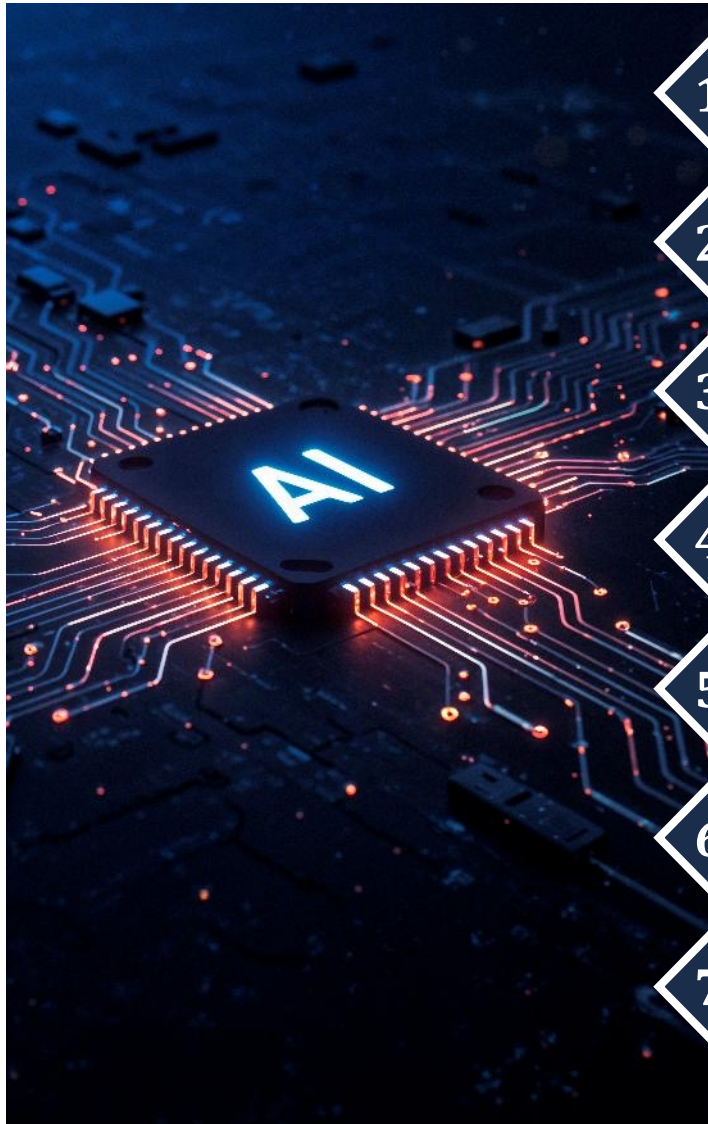




Look Back at AI M&A in 2025

2026





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Executive Summary

AI M&A momentum intensified in 2025 as big tech companies prioritized buying AI companies instead of building from scratch, and AI unicorns going public to attract new growth opportunities

Rapid Growth in AI M&A

AI M&A deal value nearly doubled in 2025 to ~\$61B, driven by strong tailwinds across :

- Gen AI advancements
- AI infrastructure demand
- Investor confidence



Core Focus Verticals



AI Infrastructure
Driving compute efficiency



AI applications
Optimizing workflows



Agentic AI
Enabling multi-agent task execution

Together, these are driving the **consolidation of the AI sector**, intensifying competition among strategic buyers

Buyer's Strategy

#1 Big Tech Buyer's

Buy Over Build:
Secure immediate access to avoid falling behind in the market

#2 Traditional Buyers:

Hybrid Approach:
Combining M&A with in-house build to stay relevant

Valuation Hotspot for M&A

Most Lucrative AI Business Functions: Coding and CX

LegalTech



Neoclouds



Emerging AI Categories
Creating Strategic M&A and IPO opportunities

Humanoid Robots



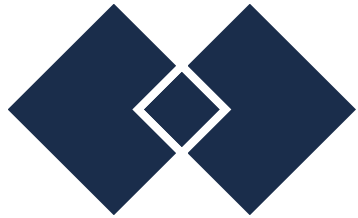
Frontier AI Models



Looking Ahead: IPO Prospects



With high investor confidence, select AI unicorns such as Anthropic, Cerebras, etc., are preparing for 2026 IPOs, positioning for growth and market scale

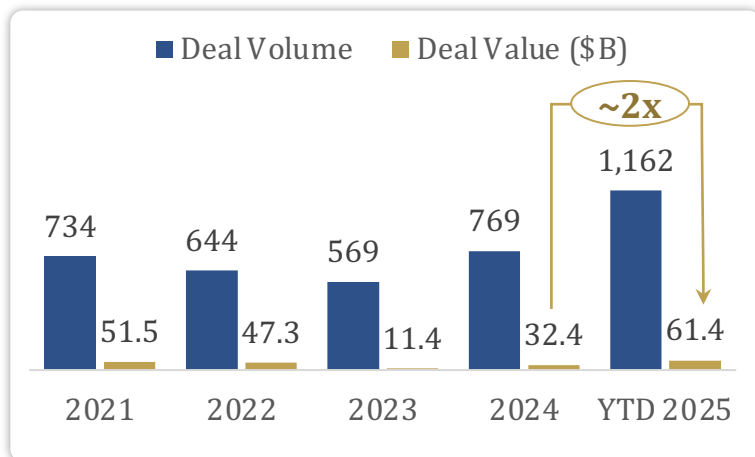


Introduction: AI Adoption in M&A and Growth Drivers

AI M&A Wave: Market Overview and Growth Drivers

Deal value have surged rapidly since 2024, driven by GenAI breakthroughs, talent shortages, investor pressure to demonstrate AI execution, and the race to build AI infrastructure

Global AI M&A Snapshot¹



~2x

AI M&A deal value nearly doubled from ~\$32B (2024) to ~\$61B YTD 2025, driven by a concentration of several \$1B+ mega-deals

51%

In terms of deal volume, AI M&A rose 51% YoY, rising from 769 deals (2024) to 1,162 deals YTD 2025

Key Drivers Behind AI M&A Growth



1 Rapid AI Evolution

Advances in GenAI/ LLM have shortened development timelines and intensified competition, driving companies to favor buy-over-build decisions



2 AI Infrastructure Race

Rising model complexity is driving buyers toward M&A to secure critical infrastructure (GPUs, data platforms, scalable AI stacks) amid supply constraints



3 Investor and Market Pressure

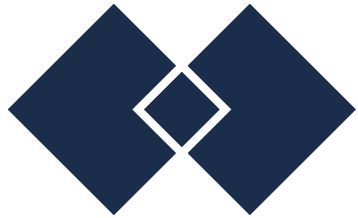
Shareholder pressure for credible AI roadmaps is driving companies toward acquisitions to signal execution speed, meet expectations, and defend competitive positions



4 AI Talent Shortage

Scarcity of specialized AI talent is pushing buyers toward acqui-hires, using M&A as a faster and more cost-effective way to secure scarce, business-critical expertise

AI adoption is accelerating across core functions, pushing companies toward M&A to build capabilities faster, concentrating deal activity in select AI segments



Market Consolidation Areas and Strategic Buyer's Act

AI M&A: Core Focus Verticals

Deal activity is primarily clustering in AI spaces, including infrastructure, applications, and agentic AI, where capabilities are deployment-ready and scalable

Key Target Verticals in AI[^]

AI Infrastructure (~50%)

Energy-intensive AI workloads requires control over critical **infrastructure layers*** to eliminate 3rd party dependencies

AI Applications (~20%)

Vertical AI apps demand **industry-specific data** and **seamless system** integration to drive fast revenue and proven product-market-fit

Enterprise spending on AI applications reached **\$19B¹** in 2025, up 3.2x from 2024

Agentic AI (~15%)

Demand is shifting from chatbots to autonomous agents that **plan, coordinate, and execute tasks** across enterprise systems

75%^{2}** of large enterprises to adopt multi-agent systems by 2026

Note: Remaining ~15% is AIOps, driven by growing demand for operational efficiency in complex, cloud-native IT environments

Major Deals by Verticals (2025)

AMD

acquired



brium

NVIDIA

acquired



CentML

Securing AI model and inference optimization capabilities for GPU efficiency and scale

IBM

acquired



seek

Alphabet

acquired



Galileo

Optimizing AI workflows for immediate enterprise deployment

Meta

acquired



manus

servicenow

acquired



Moveworks

Driving multi-agent task execution across enterprise systems

Takeaway

As AI adoption accelerates, deal activity is concentrating in these three segments, setting up a consolidation cycle and intensifying competition among strategic buyers

1. Menlovc
2. Deloitte

[^]Note: Verticals are identified based on a high deal count among marquee deals highlighted in the following slides, and the percentages are calculated based on the number of deals provided

*Data platforms, developer tooling, optimization, compute/hardware

**Based on Gartner projections

Big Tech Buyers' Strategy in the Consolidation Cycle

To stay competitive, Big Tech buyers are prioritizing **M&A over in-house development** to gain AI capabilities faster

Buyer's Approach: Buy Over Build

Around 76%^{1*} of AI solutions are bought (vs. built) in 2025, up from 53% in 2024, as they reach production faster and deliver immediate value, **driven by the following factors:**



Speed to Execution

Acquiring proven teams and products enables instant deployment, avoiding long R&D timelines



Cost Savings

Lower upfront spend and ongoing vendor support, reduces build risk and maintenance burden



Reliability Edge

Vendor AI solutions deliver tested performance with stronger security, compliance, and seamless integration



Early-Mover Advantage

Early movers gain operational efficiency and competitive positioning, while latecomers face higher prices

Recent Big Tech moves highlight the buy-over-build strategy in action for 2025



Sped² UI build by **turning text prompts into ready-to-code designs**



Accelerated³ GPU-optimized AI software, enabling **cost-effective reasoning** at trillion-token scale

Big tech are using acqui-hires to secure scarce AI talent fast, **bringing proven teams in-house**



acqui-hired Scale AI (\$14.8B)⁴: secured ~1,500 staff



Google DeepMind

acqui-hired Windsurf (\$2.4B)⁵: secured top leaders and ~40 senior R&D staff

1. Menlovc
2. MLEX
3. Built In

4. LinkedIn
5. Reuters

*Based on Menlo Ventures Survey (as of December 2025) from ~500 U.S. enterprise AI decision-makers from companies with 50+ employees

Traditional Buyers' Strategy Evolving to Buy Scaled AI Companies









In contrast, legacy players are evolving into AI-first systems of intelligence by combining in-house build with targeted acquisitions to stay relevant and competitive in the market

The Winning Strategy: Build + Buy

- **Buy to accelerate:** Established players leverage M&A to quickly integrate AI-native building blocks (UX/workflow components, agent layers, and domain knowledge)
- **Build to differentiate:** At the same time, they continue to develop in-house copilots and models to enhance their core systems

servicenow ➤ E.g. ServiceNow builds its own domain-specific LLMs (Now LLM, Apriel, etc.)¹ and uses targeted deals to expand specialized workflow and agent capabilities

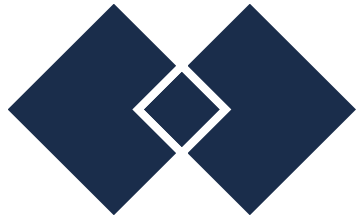
Select AI Deals By Traditional Players (2025)

Target	Acquiror	Deal Value	Rationale
 CONFLUENT		\$11.0B	Strengthened IBM's cloud and data stack by adding real-time streaming capabilities critical for deploying GenAI and agentic AI at scale
 Moveworks		\$2.8B	Added an AI assistant within ServiceNow to accelerate agentic AI and strengthen its competitive position against Microsoft and Salesforce
 Sana		\$1.1B	Transformed Workday into an AI-driven 'front door for work,' embedding enterprise search, agents, and learning within the suite
 celestial AI		\$1.0B	Enhanced Marvell's infrastructure with AI hardware and optical interconnects, supporting next-gen AI workloads and scale-up designs

1. Thelettertwo1

2. Marvell

3. HPE



AI M&A Landscape: High-Valued Functions and Niche AI Categories Attracting Investment

Business Functions Driving Strategic M&A

Coding and Customer Support (CX) are gaining traction due to measurable productivity gains, leading to premium valuations and driving acquisitions



Why Coding and CX are Gaining Traction

Nearly 2/3rd of global AI Departmental spending¹ in 2025 was led by coding at \$4B (55% of \$7.3B total) and followed by CX at \$650M (~9%), signaling strong market traction

Coding



15%+

Velocity gains are delivered by AI tools in the SDLC*

Customer Support (CX)



15%+

Issues are resolved by AI agents, expected to handle **80%+³** of routine tickets by 2029

Proven productivity gains and high AI spend in these functions are driving premium valuations and category leadership

Code-gen Startups Scaling to Unicorn Status



\$3B⁴ valuation,
~3x its 2023
valuation



\$1.8B⁵
valuation in ~8
months



~ **\$29B⁶**
valuation in ~5
months

AI CX Platform Leaders Show Rapid Value Creation



\$100M⁷
ARR in 21 months



Reinvented as an
AI-first CX
platform⁸



M&A Implication

Strong valuations in high-growth functions are prompting strategic buyers to acquire scarce assets at higher multiples



Open AI
acquired
Windsurf (\$3B)⁹



Nvidia
acquired
Solver (\$8M)⁷

Key M&A Deals In 2025



Connect
acquired
Elerian AI⁹



Rokt acquired
mParticle
(\$300M)¹⁰

1. Saastr
2. Menlovc
3. Tech Startup
4. Bloomberg

5. Lovable
6. Tech Funding
7. Tech Startups
8. Intelligain

9. LinkedIn
10. Rokt

*Software Development Lifecycles

Next AI M&A Frontier: Emerging AI Categories Attracting Funding

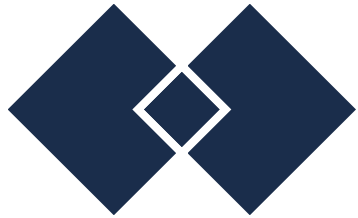
Investor capital is increasingly flowing beyond core business functions into emerging AI categories, driving rapid valuation growth and creating opportunities for strategic buyers as deployment scales

Investment and Valuation Trends in Niche AI Segment ¹				
Category	Company	Latest Funding	Latest Valuation	Key Growth Drivers Across Sectors
Legal Tech	Harvey	\$185M	\$9.3B	<ul style="list-style-type: none"> Rapidly evolving from point solutions to comprehensive platforms, transforming legal services \$750M²+ in recent funding reflects strong confidence in AI-driven legal startups
	EvenUp	\$150M	\$2.0B	
	LEGORA	\$150M	\$1.8B	
Humanoid Robots	FIGURE	\$1.5B	\$39.0B	<ul style="list-style-type: none"> LLM-powered robots with specialized software ease labor shortages and drive efficiency across industrial sectors
	APPTRONIK	\$331M	\$5.3B	
Neocloud (a new era of AI service clouds)	Lambda	\$1.5B	\$5.4B	<ul style="list-style-type: none"> Deliver GPU-dense, high-speed infrastructure to meet AI compute demand and ease GPU scarcity and costs Provide faster, flexible capacity beyond traditional hyperscaler buildouts
	Crusoe	\$1.4B	\$10.0B	
Foundational AI Models	THINKING MACHINES	\$2.0B	\$12.0B	<ul style="list-style-type: none"> These models are in high demand for their scalability, versatility, with elite teams Deliver 10x faster performance for enterprise LLMs
	together.ai	\$305M	\$3.3B	

Key Implication







These emerging spaces see high valuations due to AI adoption, creating two key opportunities:

- **M&A** for strategic buyers to acquire high-potential companies
- **IPO prospects for startups** like Lambda (plan to raise \$350M+³ in pre-IPO funding), positioning themselves for leadership in these emerging markets




















Marquee AI Deals in 2025

Marquee AI Deals in 2025

Deal Date	Target	Acquiror	Deal Value	Category	Rationale
29-Dec-25	 manus	 Meta	~\$2.0B	Agentic AI	The acquisition will help Meta accelerate AI innovation for businesses by integrating Manus's advanced AI interaction and generative capabilities into its enterprise platforms
08-Dec-25	 CONFLUENT	 IBM	\$11.9B	AI Infrastructure & Data	The acquisition will help IBM accelerate AI leadership by enabling an end-to-end, real-time data platform to power AI agents and enterprise applications
02-Dec-25	 Bun	ANTHROPIC	NA	AI Infrastructure	The acquisition will help Anthropic strengthen Claude by providing a high-performance, open-source runtime foundation to power next-generation developer workflows
10-Nov-25	 MK1	 AMD	NA	AI Infrastructure	The acquisition will help AMD enhance its AI inference performance by integrating MK1's high-speed inference and reasoning technology
02-Sep-25	 SOLV_R	 NVIDIA	NA	Agentic AI	The acquisition will help Nvidia enhance its AI ecosystem by integrating Solver's AI coding agent to accelerate developer workflows
14-Aug-25	 Humanloop	ANTHROPIC	NA	AI Ops	The acquisition will help Anthropic enhance Claude's enterprise tooling by adding Humanloop's expertise in LLM evaluation and prompt management
07-Aug-25	 WaveForms AI	 Meta	NA	AI Applications	The acquisition will help Meta enhance its AI audio capabilities by integrating Waveforms' advanced AI audio modeling to improve immersive experiences across its platforms
18-Jul-25	 Bee	 amazon	NA	AI Applications	The acquisition will help Amazon enhance its AI and wearable ecosystem by integrating Bee's always-on conversational AI technology to improve voice interaction and user engagement
13-Jun-25	 CentML	 NVIDIA	\$400.0M	AI Infrastructure	The acquisition will help Nvidia enhance its AI software stack by integrating CentML's optimization technology to deliver faster, more cost-efficient GPU performance for customers

Marquee AI Deals in 2025

Deal Date	Target	Acquiror	Deal Value	Category	Rationale
04-Jun-25	 brium	 AMD	NA	AI Infrastructure	The acquisition will help AMD enhance its open AI ecosystem by integrating Brium's AI orchestration and optimization technology to improve performance and usability
02-Jun-25	 seek	 IBM	NA	AI Applications	The acquisition will help IBM enhance its AI and data analytics stack by integrating Seek AI's technology to accelerate insights and enterprise adoption
27-May-25	 DATASTAX	 IBM	NA	AI Infrastructure	The acquisition will help IBM enhance its enterprise AI and unstructured data capabilities by integrating DataStax's platform to power scalable AI applications
21-May-25	 io	 OpenAI	\$6.5B	AI Hardware	The acquisition will help OpenAI accelerate development of custom AI hardware by bringing in io Products' design expertise
20-May-25	 Galileo	 Alphabet	NA	AI Applications	The acquisition will help Alphabet enhance its AI capabilities by integrating Galileo AI's advanced generative models to strengthen its next-generation AI offerings
05-May-25	 Weights & Biases	 CoreWeave	\$1.7B	AI Ops	The acquisition will help CoreWeave tightly integrate W&B's ML developer toolkit with its high-performance cloud, streamlining model training and deployment
19-Mar-25	 gretel	 NVIDIA	\$320.M	AI Infrastructure	The acquisition will help Nvidia accelerate its generative AI services by using Gretel's technology to deliver realistic, privacy-preserving data for model training and fine-tuning
10-Mar-25	 Moveworks	 servicenow	\$2.9B	Agentic AI	This acquisition could provide ServiceNow, Moveworks conversational AI and NLU capabilities, enabling more AI-driven workflows beyond rule-based automation
17-Feb-25	VOYAGE AI	 mongoDB	\$220.0M	AI Infrastructure	The acquisition will help MongoDB enhance its AI data platform by integrating Voyage AI's generative search and tooling capabilities to support smarter applications













Marquee Financing Deals in 2025

Target	Notable Investors	Amount Raised in 2025	Rationale
 OpenAI *	Dragoneer, Thrive Capital , SoftBank, Walt Disney, Microsoft, Nvidia, Andreessen Horowitz, Tiger Global	\$41.0B	The funding will enable OpenAI to accelerate frontier model development, expand global compute capacity, strengthen safety research and scale enterprise adoption of ChatGPT & GPT platform
ANTHROPIC	Microsoft, Nvidia, EAI Investments ICONIQ, Fidelity Lightspeed Ventures, Amazon, Google, Coatue, GIC	\$31.5B	The funding will support Anthropic in expanding Claude's enterprise capabilities, advancing multi-modal frontier models and investing deeply in AI safety, infra & hyperscaler partnerships
 xAI *	Valor, SpaceX, Nvidia, Fidelity, BlackRock, Sequoia Capital, Apollo, Diameter, PIF of Saudi Arabia	\$25.0B	The funding will allow xAI to rapidly scale its Grok model family, build high-performance compute clusters and advance real-time reasoning systems to compete with leading frontier labs
 scale	Meta, Nvidia, Amazon, Intel, AMD, Cisco, ServiceNow, Tiger Global, Accel, Y Combinator, Founders Fund	\$14.3B	The funding will help Scale AI grow its position as the leading data & evaluation platform, expand synthetic data generation and build end-to-end model lifecycle infra for enterprise and frontier labs
 THINKING MACHINES *	Andreessen Horowitz, Nvidia, ServiceNow Ventures, Jane Street, Cisco Investments, AMD Ventures, GV	\$14.0B	The funding will enable Thinking Machines Lab to scale frontier foundation model research, expand compute infrastructure and accelerate the development of multimodal and agentic AI systems
 PROMETHEUS	Jeffrey Bezos and other undisclosed investors	\$6.2B	The funding will enable Prometheus to scale its foundation model research, expand compute resources and accelerate the development of autonomous agents and cloud-native AI tools
 Anysphere	Coatue, Accel, Thrive, Andreessen Horowitz, Nvidia, GV, DST Global, Octant, CRV, Alphabet	\$3.4B	The funding will enable Anysphere to advance AI-native developer tools and agentic coding systems, improving model quality and accelerating enterprise-grade automation of software engineering
 databricks	Insight, Andreessen Horowitz, GIC, DST Global, Nvidia, Blackstone, Fidelity, JP Morgan, Goldman Sachs	\$5.0B	The funding will help Databricks strengthen AI leadership by scaling its unified data and AI platform, accelerating Mosaic AI and expanding enterprise generative AI capabilities
 Reflection	Nvidia, Disruptive, Lightspeed Venture, CRV, GIC, DST Global, Citi, 1789 Capital	\$2.1B	The funding will allow Reflection to strengthen its AI reasoning engine, scale compute infrastructure and productize advanced agentic systems for complex enterprise decision-making













Source – Allied Advisers' various databases

Note*: Re, OpenAI , xAI and Thinking Machines Lab, the amount raised figures include announced capital raises that have not yet being closed.

Select Acquihihire Deals (1/2)

Deal Date	Target	Acquiror	Deal Value	Rationale
09-Jan-26	 Robin AI	 Microsoft	NA	Microsoft acquihired the Robin AI team to enhance its legal technology and enterprise AI capabilities, integrating their contract analysis and legal language expertise into Copilot and broader productivity workflows
26-Dec-25	 groq™	 NVIDIA.	\$20B	NVIDIA effectively acquihired Groq in a ~\$20B deal, bringing in Groq's high-performance inference tech along with Founder Jonathan Ross & President Sunny Madra, to extend dominance from AI training into real-time inference and deployment
03-Oct-25	 roi	 OpenAI	NA	OpenAI acquihired AI startup Roi to enhance personalized consumer AI, with hiring of CEO Sujith Vishwajith to strengthen the adaptive, user-focused AI applications
18-Sep-25	 enfabrica	 NVIDIA.	\$900M	Nvidia acquihired Enfabrica in a ~\$900M deal to bolster its AI infrastructure, bringing on CEO Rochan Sankar and key team members while integrating the startup's licensed AI hardware technology
02-Sep-25	 STATSIG	 OpenAI	\$1.1B	OpenAI acquired Statsig for \$1.1B to accelerate product development, appointing CEO Vijaye Raji as technology chief for the Applications unit to drive experimentation-led innovation
02-Sep-25	 Alex	 OpenAI	NA	OpenAI acquihired the team behind Alex, an AI-powered coding assistant for Xcode, bringing in founder Daniel Edrisian and his team to strengthen Codex's capabilities in AI-driven development tools

Select Acquire Deals (2/2)

Deal Date	Target	Acquiror	Deal Value	Rationale
18-Jul-25	 koala	 CURSOR	NA	Cursor acquired Koala AI, bringing several of Koala's top engineers on board and accelerating its enterprise-readiness capabilities
11-Jul-25	 Windsurf	 Google	\$2.4B	Google acquired AI code-generation startup Windsurf in a \$2.4B deal that includes license fees, bringing CEO Varun Mohan, co-founder Douglas Chen and key R&D staff into Google DeepMind
27-Jun-25	 Crossing Minds	 OpenAI	NA	OpenAI acquired AI startup Crossing Minds to enhance e-commerce recommendation capabilities, bringing co-founder Alexandre Robicquet in a research role and integrating the startup's technology into OpenAI
12-Jun-25	 scale	 Meta	\$14.3B	Meta invested \$14.3B to acquire a 49% nonvoting stake in Scale, bringing founders Alexandr Wang and Lucy Guo to lead its new superintelligence research lab while allowing Scale AI to retain board control
21-May-25	 iO	 OpenAI	\$6.5B	OpenAI acquired Jony Ive's startup iO for \$6.5B, bringing Ive and his team to lead design and creative direction and integrating iO staff across OpenAI's engineering, research and product teams
15-Apr-25	 context	 OpenAI	NA	OpenAI acquired Context.ai, bringing co-founders Henry Scott-Green and Alex Gamble on board to build model-evaluation tools



Potential 2026 IPO Prospects

Select AI Unicorns Preparing for IPOs in 2026

Building on high valuations and revenue growth across AI-focused sectors, some AI unicorns are set to pursue IPOs in 2026 to scale, maintain their market position, and compete with industry giants

The IPO Wave in AI

- Leading AI-focused companies are moving from private rounds to public markets to raise capital, capture premium valuations, and scale their products
 - For ex, **Anthropic**, targeting a **\$350B¹** valuation, plans to raise **\$10B** in pre-IPO funding (~2x its valuation from Sep'25)

Top AI Companies Preparing for IPOs (Total Funding Raised)^{2*}:

ANTHROPIC

~\$45B

NSCALE

~\$2B

TERMINUS
TECHNOLOGIES
Software & IT Services Company

\$852M

cerebras

\$750M–1B

dataiku

\$851M

Access to Capital: Provide recurring equity raises to fund large-scale infrastructure and R&D

Regulatory Trust: Ensure greater governance and transparency boost customer and regulator confidence

Benefits of Going Public

Liquidity and M&A Currency: Create liquid stock, offering founders and employees exit options and providing share-based currency for larger acquisitions

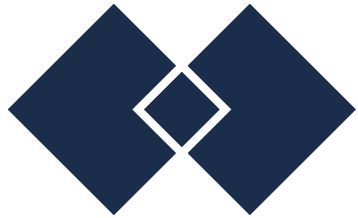
Long-Term Alignment: Attract long-term investors like pension funds, aligned with extended AI development timeline

Takeaway

Going public increases visibility and provides access to retail investors, helping companies raise capital and grow their products faster

1. Economic Times

2. Source – Allied Advisers' various databases (As of Dec 2025)



Buyer's Landscape: Strategies, PE and Non-Traditional Acquirers

Active Investors & Buyers in the AI/ML Space – M&A, VC & Others

STRATEGIC ACQUIRERS



FINANCIAL ACQUIRERS



VENTURE CAPITAL



NON-TRADITIONAL ACQUIRORS



About Allied Advisers



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