GROWTH WARRIOR CAPITAL

The Exit Landscape, 2025

A Growth Warrior Capital White Paper

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TABLE OF CONTENTS

Growth Warrior Capital

We are an operator-led venture capital firm investing in ambitious founders at Seed and Series A stages. Our differentiation lies in deep operational expertise—not just capital, but hands-on experience in go-to-market strategy, spend discipline, and revenue optimization that helps companies navigate critical growth phases efficiently.

Our vision is to build capital-efficient, operationally excellent companies positioned for superior exits in today's fundamentals-focused market. Our team combines proven Silicon Valley operators with experienced investors who have delivered consistent returns across market cycles.

We leverage our operational background and market analysis to identify opportunities created by the current shift from growth-at-all-costs to precision-driven investing, positioning our portfolio companies to thrive where operational discipline has become the new competitive advantage.

This White Paper is a collection of public data we've organized, along with our opinion about how that data impacts the job we do—finding and building great businesses with early-stage founders and CEOs.

We then extrapolate what that data means for limited partners—the investors and allocators from leading family offices, endowments and foundations, and other institutional investors.

ABOUT GROWTH WARRIOR CAPITAL ↗

in /growthwarriorcapital

> At our April 2025 Annual General Meeting, we told LPs that 'venture isn't dead—it's evolving.' Q1 2025 data proves we were right.

By the Numbers

IPO volume jumped 81.6% while proceeds dropped 9.8%—exactly the 'smaller, fundamentals-focused exits' we predicted. AI captured 53% of global funding, and M&A hit $71B, but only for operationally excellent companies.

What this means for LP returns

The era of 'one mega win covers 19 losses' is over. Our portfolio companies—already focused on unit economics and operational discipline—are positioned for the new reality where consistent, profitable exits replace lottery-ticket investing.

Our Differentiation

While other venture investors chased growth-at-all-costs, we built companies ready for today's fundamentals-first market. Pointing to the Growth Warrior Capital portfolio performance:

90%
of active portfolio companies are growing ARR 100%+ YoY with line of sight to profitability in the next 12 months.

75%
of our companies have a CAC payback in fewer than 8 months vs 12 month industry average.

70%
of our portfolio companies maintain Net Revenue Retention (a signal of existing customer revenue expansion) of 115%+ vs. the industry average of 99-102%

The opportunity ahead

This isn't market contraction—it's market maturation. And mature markets reward the prepared. As liquidity returns, the rules are changing—public markets will no longer be the primary value realization vehicles they once were.

Private markets are sizable and will require that VCs are laser**-**focused on the operating metrics of their businesses, and in a less-liquid environment, LPs will have pressure to continually be more selective about their GP's ability to drive consistent returns.

For you as an LP, we recognize the liquidity constraints you've faced. This research provides the data, predictions, and insights to help you optimize portfolio construction as new liquidity channels emerge and smart capital defines the next chapter of venture returns.

Sincerely,
The Growth Warrior Capital Team

Key Data Summary
Exit Landscape 2025

First Quarter 2025 data reveals a fundamental recalibration of the venture capital and exit landscape, characterized by a decisive shift from growth-at-all-costs to operational excellence.

The quarter marked the strongest venture investment period since Q2 2022, driven by record AI funding and concentrated capital deployment, while exit activity demonstrated clear sector-specific recovery patterns and geographic concentration effects.

Key Market Dynamics

1. **IPO Market Rebalancing:** Volume surged 81.6% year-over-year while proceeds declined 9.8%, signaling investor prioritization of business fundamentals over pure growth narratives and smaller, more efficient public offerings

2. **M&A Dominance:** $71 billion in exit value across 500+ transactions established M&A as the primary exit vehicle, with 12 deals exceeding $1 billion including Google's pending $32 billion acquisition of Wiz

3. **AI Investment Concentration:** AI captured a record $59.6 billion (53% of global funding), with the sector seeing its strongest quarter ever and driving the increase from 42 to 65 new U.S. unicorns

4. **Geographic Capital Concentration:** Bay Area companies secured $55 billion (69% of U.S. funding, 49% of global funding), reinforcing the geographic concentration of venture capital and successful exits

5. **Sector-Specific Recovery:** Divergent growth patterns emerged with Healthcare (+60%), TMT (+46%), and Energy (+23%) indicating targeted rather than uniform market recovery

6. **Private Equity Strategic Patience:** PE deployment decreased 19% quarter-over-quarter despite 80% of firms reporting deployment readiness, suggesting strategic selectivity rather than capital scarcity

7. **Macroeconomic Stability:** Federal Reserve maintained rates at 4.25%-4.50% while inflation cooled to 2.4% from 3.1%, creating a more predictable environment for exit planning despite ongoing trade policy uncertainty

8. **Trade Policy Complexity:** New tariffs (10-50% on imports, 25% on Canadian/Mexican goods) introduced operational challenges requiring supply chain adaptation and affecting cross-border M&A valuations.

9. **Regulatory Evolution:** The GENIUS Act's Senate passage (68-30) established federal stable coin frameworks, creating new opportunities for fintech exits while limiting big tech participation without regulated partnerships

The Decisive Shift

Q1 2025 marks the transition from market uncertainty to strategic selectivity. This isn't merely a recovery—it's a fundamental recalibration of exit dynamics that demands precision in timing, positioning, and execution.

Overall context: Both the largest startup funding round ever and the largest acquisition of a venture-backed company occurred in Q1 2025, reflecting a warming startup environment but also one where capital and opportunities were concentrated among a handful of companies and sectors.

The quarter marked the strongest one for venture investment since Q2 2022. However, the quarterly numbers were significantly buoyed by a single round: OpenAI raised the largest private round ever, a $40 billion funding that values the company at $300 billion. (Source: Crunchbase News)

AI was the leading sector for venture funding in the first quarter, with $59.6 billion invested. Last quarter marked the strongest quarter for AI funding ever, with an astonishing 53% of global funding going to the AI sector alone. (Source: Crunchbase News)

Q1 2025 was also the strongest quarter for startup M&A dollar volume since 2021, totaling $71 billion in reported exit value. Wiz's acquisition by Google, if finalized, will mark the largest acquisition for a private company with a price tag of $32 billion. The deal is still subject to regulatory approval.

In total, there were 12 acquisitions above $1 billion for venture-backed startups. The most notable include Ampere's acquisition by SoftBank, Modernizing Medicine's purchase by Clearlake Capital Group, Moveworks' acquisition by ServiceNow, and Weights & Biases' purchase by CoreWeave. (Source: Crunchbase News)

While the dollar volume for global M&A was high, deal counts for the first quarter of 2025 came in at more than 500, but remained well below market peak quarters of around 800 global M&A deals seen in 2021. (Source: Crunchbase News)

Venture funding to U.S. companies totaled $80B in Q1 2025, accounting for around 71% of global funding. Funding to Bay Area-based companies alone reached $55B, accounting for 69% of U.S. venture capital funding and 49% of global funding. (Source: Crunchbase News)

CHAPTER 1

2024 Predictions vs. 2025 Reality:

The Decisive Shift

The US Consumer Price Index (CPI) is currently at 319.62. This is down from 319.78 last month and up from 312.11 one year ago.

2024 Prediction	2025 Q1 Reality	Strategic Implication	Source
"IPOs dwindling" with "fewer, yet faster to market"	IPO volume +81.6% YoY, but proceeds -9.8% YoY	Prediction partially accurate: volume rebounded but smaller deal sizes confirm the “earlier & smaller” thesis	EY IPO Market Trends Renaissance Capital
"Backlog of unicorn exits" with "many existing ones awaiting exit"	Unicorn pipeline reactivation (Venture Global, Medline, Sailpoint)	Prediction accurate: unicorns beginning to test markets after waiting	PitchBook Analyst Note
"M&A exits likely to boom" as "favored exit for smaller startups"	Sector-specific M&A surge (TMT +46%, Healthcare +60%, Energy +23%)	Prediction accurate: M&A is proving to be the accessible exit route with stronger multiples	KPMG M&A Report
“High cost of capital is changing the landscape”	Fed rates holding at 4.25%-4.50% range, inflation down to 2.4% from 3.1%	Prediction evolving: cost of capital remains high but improving inflation picture changes dynamics	CNBC Fed Coverage
“PE to the rescue? $4T in dry powder sitting stagnant”	PE deployment -19% QoQ despite 80% readiness to deploy	Prediction accurate: capital available but deployment remains cautious	Global Private Equity Report 2025
“Acquihires were a last resort, now they’re off the table”	Limited but targeted reactivation in AI/ML sectors	Prediction evolving: niche resurgence in strategic technology areas	Forge Global Strategic Acquisitions

Tariff wars, the possible rekindling of Middle East conflict, and general market uncertainty will create more volatility. Some have speculated there are likely to be rate cuts later in 2025. Combined with lower inflation, the outlook for deals in the second half of 2025 is positive.

1.1 The Four-Dimensional Transformation

1. From Valuation Premium to Operational Excellence: The 9.8% decrease in IPO proceeds despite volume growth signals investors now prioritize demonstrable business fundamentals over growth narratives. (EY IPO Market Trends, 2025)

2. From Broad Market Access to Sector-Specific Windows: The divergent growth rates across sectors (TMT +46%, Healthcare +60%) indicate targeted rather than uniform recovery. (KPMG M&A Report)

3. From Capital Scarcity to Strategic Deployment: PE firms have shifted from capital conservation to strategic patience. Nearly 80% of limited partners—those once-loyal backers that private equity funds depend on—declined reinvestment opportunities with at least one of their curren0t managers over the past 12 months, the report showed. (Global Finance PE Trends)

4. From Geographic Concentration to Multi-Market Access: The 24.3% projected increase in European listings creates alternative pathways for portfolio companies previously limited to US exits. (Pitchbook)

2.1 Focus on the Right Fundamentals

CHAPTER 2

GWC Core Principles:

Staying Ready in the New Landscape

2024 Advice: "Focus on the fundamentals. Growth at all costs is dead."
2025 Evolution: "profitable growth with efficiency" is the new mandate."

The 9.8% decrease in IPO proceeds despite 81.6% volume growth signals investors now prioritize demonstrable business fundamentals over pure growth narratives (Source: EY IPO Market Trends). Companies must balance growth with efficiency, particularly considering:

- **AI Integration:** With AI capturing 53% of global funding in Q1 2025, companies must integrate AI capabilities to remain competitive (Source: Crunchbase News)

- **Tariff Resilience:** Presidential tariffs (10% minimum on all imports, up to 50% on some countries) create supply chain risks that portfolio companies must address (Source: Penn Wharton Budget Model)

- **Cash Management:** With inflation at 2.4% and Fed rates holding at 4.25%-4.50%, capital efficiency remains critical (Source: CNN)

Federal Reserve & Current Market

Federal Reserve Policy Update:

- **Fed Rate Decision:** Target rate held at 4.25%-4.50% for the fourth consecutive meeting
- **Market Expectations:** 100 basis points in cuts expected over the next 15 months (CME FedWatch)
- **Fed Chair Powell:** Noted that officials are awaiting further clarity on inflation trends and tariff economic impacts
- **Strategic Implication:** Elevated cost of capital persists; operationally lean, capital-efficient companies remain best positioned for the current environment.

Regulatory Developments:

- GENIUS Act: Passed the Senate on June 17 in a 68–30 vote, establishing federal guardrails for U.S. dollar-pegged stablecoins—a timely signal of growing regulatory momentum behind crypto.

- Creates regulated pathway for private companies to issue stablecoins
- Allows banks, fintechs, and major retailers to launch stablecoins or integrate into payment systems
- Limits big tech from issuing stablecoins without partnering with regulated financial entities
- Still requires House approval

Recent Strategic Acquisition:

Eli Lilly/Verve Therapeutics: $1.3B acquisition ($1B upfront + up to $300M tied to treatment milestones)

- Verve developing gene-editing drugs including Verve-102 targeting PCSK9 gene for cholesterol and heart health
- Deal represents 113% premium to Verve's 30-day average share price
- Expected close: Q3 2025
- **Strategic Significance:** Demonstrates continued strong appetite among large strategics for precision medicine and gene-editing technologies

Economic Policy Context:

- GOP legislative package projected to add $2.8T to federal deficit by 2034 (CBO analysis)
- Proposed estate tax exemption increase to $15M with permanent status
- Cross-border trade policy uncertainty continues to impact M&A deal structuring and valuation assessments

2.2 Strategic Exit Planning

2024 Advice: "When raising, consider your exit strategy. Don't get distracted by vanity metrics."
2025 Evolution: Exit strategy must now be sector-specific and built into operational planning.

The divergent growth rates across sectors (TMT +46%, Healthcare +60%, Energy +23%) indicate targeted rather than uniform recovery (Source: KPMG M&A Report). This shift necessitates tailored exit strategies.

- **M&A Focus:** With M&A proving to be the most accessible exit route in Q1 2025 (500+ deals totaling $71B), companies should prepare for this exit path (Source: Crunchbase News)
- **Pricing Expectations:** While unicorn pipeline is reactivating, smaller deal sizes in IPOs (-9.8% in proceeds) suggest moderated valuation expectations (Source: Renaissance Capital)

2.3 Relationship Building & Forward Thinking

2024 Advice: "Always be thinking forward. Build relationships with industry leaders."

2025 Evolution: Strategic relationship building now requires specific targeting.

With 12 acquisitions above $1 billion in Q1 2025 but overall M&A counts remaining well below 2021 peaks, strategic relationship building is increasingly important (Source: Crunchbase News):

- **Strategic Acquirer Focus:** Major acquisitions in Q1 (Google/Wiz, SoftBank/Ampere, ServiceNow/Moveworks) demonstrate the importance of building relationships with sector-leading strategic acquirers
- **Cross-Border Considerations:** Given new tariff policies affecting North American trade, portfolio companies should establish relationships that can navigate these cross-border complexities (Source: PwC)

2.4 Intellectual Honesty

2024 Advice: "Not every company is built to IPO. Understand the market you're playing in."

2025 Evolution: Realistic exit assessment must now include addressing market concentration.

The concentration of funding and exits in Q1 2025 requires brutal honesty about exit pathways:

- **Geographic Concentration:** With Bay Area companies capturing 49% of global funding, companies outside these hubs need realistic exit assessments (Source:

CrunchbaseNews)

- **Scale Requirements:** Given PE firms' shift to strategic patience (80% reporting deployment readiness despite 19% reduced activity), companies need clarity on whether they can achieve necessary scale (Source: Global Private Equity Report 2025)

3.1 TMT Exit Landscape

The strongest quarter for AI funding ever ($59.6B invested, 53% of global funding) creates

CHAPTER 3

Sector-Specific Opportunity Windows

clear opportunities in the technology sector (Source: Crunchbase News):

- **AI Integration Critical:** Companies with AI capabilities seeing elevated interest, as evidenced by both funding concentration and acquisition activity in Q1 2025
- **Strategic Acquisitions Returning:** Tech deals like Google's pending acquisition of Wiz($32B) demonstrate appetite for strategic capability plays (Source: Crunchbase News)

Strategic Action Items:

- Prioritize demonstrable AI/ML integration into core product
- Position cybersecurity capabilities as strategic differentiators, given heightened security concerns
- Develop clear growth narratives through AI-driven use cases

3.2 Healthcare Services Innovation

Healthcare M&A surge (+60% in Q1 2025) signals opportunity for well-positioned companies (Source: KPMG M&A Report):

- **Exit opportunity rebound:** Healthcare transactions gaining momentum after post-COVID winter
- **Service consolidation:** Modernizing Medicine's acquisition by Clearlake Capital Group demonstrates appetite for specialized service providers (Source: Crunchbase News)

Strategic Action Items:

- Focus on demonstrating clear unit economics and ROI metrics
- Consider strategic partnerships with larger health systems to enhance exit options
- Incorporate AI capabilities to align with broader market trends where appropriate

3.3 Clean Energy & Sustainability

Energy sector M&A growth (+23% in Q1 2025) creates opportunities amid broader transition (Source: KPMG M&A Report):

- **PE Deployment Appetite:** Despite overall cautious PE deployment (-19% QoQ), energy and sustainability remain focus areas for investment
- **Regulatory Considerations:** New tariff environment creates additional complexities incross-border energy transactions (Source: Penn Wharton Budget Model)

Strategic Action Items:

- Quantify and document resilience to import tariffs and trade policy changes
- Focus on scaling domestic operations to reduce international supply chain risks
- Develop clear environmental impact metrics beyond financial returns to attract ESG-focused investors

Strategic Action Items:

- Quantify and document tax credit utilization potential
- Accelerate scale to meet minimum threshold for public market interest
- Develop clear narrative around ESG impact metrics beyond financial returns

CHAPTER 4

Execution Timeline & Milestones

Timeframe	Market Event Triggers	Recommended Actions	Source
Q2 2025	Fed maintains rates at 4.25%-4.50% range	Adapt to continued high cost of capital environment; prepare portfolio companies for operational efficiency initiatives	CNBC Fed Coverage
Q3 2025	Initial tariff impact data becomes available following April 2025 implementation	Reassess supply chains and evaluate tariff exposure across portfolio; consider domestic alternatives for highly impacted companies	Penn Wharton Budget Model
Q4 2025	Potential inflation stabilization based on Q1 cooling trend from 2.8% to 2.4%	Begin preparing strongest portfolio companies for potential exit windows if inflation remains controlled	CNN Inflation Data
H1 2026	Market adjustment to new tariff and trade environment	Consider M&A opportunities as valuations potentially realign to new market conditions	Penn Wharton Budget Model

Market Dynamics in Q1 2025:

Deal Activity Concentration:

CHAPTER 5

Competitive Intelligence: Peer Activity

- Bay Area companies capturing 69% of U.S. venture funding ($55B of $80B total) (Source: Crunchbase News)
- AI sector receiving 53% of global funding, creating both opportunity and competition (Source: Crunchbase News)

PE Deployment Trends:

- PE deployment down 19% QoQ despite 80% of firms reporting readiness to deploy capital (Source: Global Private Equity Report 2025)
- This suggests strategic selectivity rather than capital constraints, with firms waiting for optimal deployment opportunities

M&A Activity Patterns:

- 12 acquisitions above $1B in Q1 2025, with strategic buyers leading high-value transactions (Source: Crunchbase News)
- Major deals include Google/Wiz ($32B), SoftBank/Ampere,Clearlake/ Modernizing Medicine, and ServiceNow/Moveworks (Source: Crunchbase News)
- U.S. seeing jump from 42 to 65 new unicorns, largely driven by AI sector (Source:Crunchbase News)

The exit landscape of Q1 2025 shows clear signs of a fundamental shift that rewards precision, patience, and preparation. Based on verified market data, GWC portfolio companies should (and are!):

CHAPTER 6

Conclusion

1. Adapt to the concentration phenomenon: With 53% of global funding going to AI, portfolio companies must position accordingly - AI and the speed of innovation that comes with it is a baseline expectation (Source: Crunchbase News)

2. Prepare for sector-specific recovery windows: The divergent growth rates across sectors require tailored strategies by vertical and intensive versatility for horizontal platforms (Source: KPMG M&A Report)

3. Prioritize operational excellence over valuation multiple expansion: The 9.8% decrease in IPO proceeds despite 81.6% growth in volume confirms the market's shift toward fundamentals (Source: EY IPO Market Trends)

4. Navigate the new tariff environment: With 10-50% tariffs now in effect on imports and increasing global volatility, portfolio companies must adapt supply chains and operations to mitigate these impacts before they hit the P&L (Source: Penn Wharton Budget Model)

5. Build relationships for optimal M&A outcomes: With M&A proving to be the most accessible exit route in Q1 2025 ($71B in value), cultivating strategic acquirer relationships early is critical (Source: Crunchbase News)

By leveraging these data-driven insights and implementing the strategic recommendations outlined in this framework, GWC portfolio companies are navigating the evolving exit landscape effectively and positioning themselves for successful outcomes in 2025 and beyond.

Note: This strategic framework is based on verified market data from Q1 2025. All sources are cited directly throughout the document for transparency and reference.

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2024 Prediction	2025 Q1 Reality	Strategic Implication	Source
“Hygiene, profitability, solid unit economics are critical”	Smaller IPOs with focus on fundamentals; investors prioritizing operational excellence	Prediction strengthened: unit economics are increasingly crucial as the growth-at-all-costs era fully ends	Renaissance Capital
"Inflation remains sticky above 3%"	Inflation at 2.5% YoY (Feb PCE)[1]	Prediction exceeded: faster-than-expected disinflation may open room for rate cuts later in 2025	Investopedia
"Fed likely to cut rates early in 2025"	Fed maintains rates at 4.25%-4.50% with no cuts yet	Prediction proved pre-mature: Fed remains cautious despite infla-tion progress, delaying expected easing	CNBC -- Fed Decision March 2025
"Stable trade policy expected across North America"	25% tariffs on Canadian/Mexican goods introduced in Q1 2025	Prediction disrupted: cross-border M&A and portfolio operations face new uncertainty	PwC,Cbp.gov
"Acquihires are dead -- no longer strategic or viable"	Limited but target-ed reactivation in AI/ ML and cybersecurity sectors	Prediction evolving: acquihires are returning as strategic capability plays, not fallback options.	Goldman Sachs M&A Outlook

Exit Transaction Analysis:
Key Trends, 2020-2025

Market Evolution: Four Distinct Phases

Phase 1: Foundation Period (2020-2021)

- **Characteristics:** Large-scale consolidation and pandemic-driven digital transformation
- **Median deal size:** $12.8B
- **Key trend:** Broad sector consolidation (telecom, fintech, collaboration tools)
- **Notable:** T-Mobile/Sprint ($26.5B) and Salesforce/Slack ($27.7B) defined the era of horizontal expansion

2020

Acquirer	Target	Value	Target Revenue
T-Mobile	Sprint	$26.5B	$33.6B
Koch Industries	Infor	$13B	$3.2B
Intuit	Credit Karma	$8.1B	$1B
NVIDIA	Mellanox	$6.9B	$1.3B

2021

Acquirer	Target	Value	Target Revenue
Salesforce	Slack	$27.7B	$630M
Intuit	Mailchimp	$12B	$800M
Thoma Bravo	Proofpoint	$12.3B	$1.05B
Okta	Auth0	$6.5B	$210M

Phase 2: Mega-Deal Peak (2022-2023)

- **Characteristics:** Peak valuations and strategic positioning for post-pandemic world
- **Median deal size:** $28.3B (highest period)
- **Key trend:** Tech giants acquiring infrastructure and capability (Microsoft/ Activision $68.7B, Broadcom/VMware $61B)
- **Revenue multiples:** Averaged 8-12x revenue for enterprise software targets

2022

Acquirer	Target	Value	Target Revenue
Square (Block)	Afterpay	$29B	$519M
Microsoft	Nuance	$19.7B	$1.5B
AMD	Xilinx	$50B	$3.2B
Oracle	Cerner	$28.3B	$5.5B

2023

Acquirer	Target	Value	Target Revenue
Microsoft	Activision Blizzard	$68.7B	$8.8B
Broadcom	VMware	$61B	$12.9B
Thoma Bravo	Coupa Software	$8B	$838M

Phase 3: Strategic Reset (2024)

- **Characteristics:** Focus on operational efficiency and proven business models
- **Median deal size:** $6.0B (50% reduction from peak)
- **Key trend:** PE-led consolidation of profitable software companies
- **Revenue multiples:** Compressed to 4-8x revenue, emphasizing profitability over growth

Acquirer	Target	Value	Target Revenue
Cisco	Splunk	$28.0B	$3.65B
IGM	HashiCorp	$6.4B	$583M
Clearlake & Insight	Alteryx	$4.4B	$890M
Thoma Bravo	Darktrace	$5.3B	$556M

Phase 4: AI-Driven Acceleration (2025 YTD)

- **Characteristics:** Strategic capability acquisition in AI and emerging technologies
- **Median deal size:** $6.4B (selective, high-value targets)
- Key trend: 67% of deals involve AI/ML capabilities or next-gen technologies
- **Revenue multiples:** Bifurcated market - AI companies command 12-20x revenue, traditional software 3-6x

Acquirer	Target	Value	Target Revenue
Meta	Scale AI	$14.3B	$480M
Google	Wiz (no longer pending)	$32B	~$350M
OpenAI	io (Jony Ive)	$6.5B	N/A (early-stage, no public revenue)
Eli Lilly	Verve Therapeutics	$1.3B	$32.3M (2024)
Qualcomm	Alphawave	$2.5B	$400M
IonQ	Oxford Ionics	$1.075B	$15M

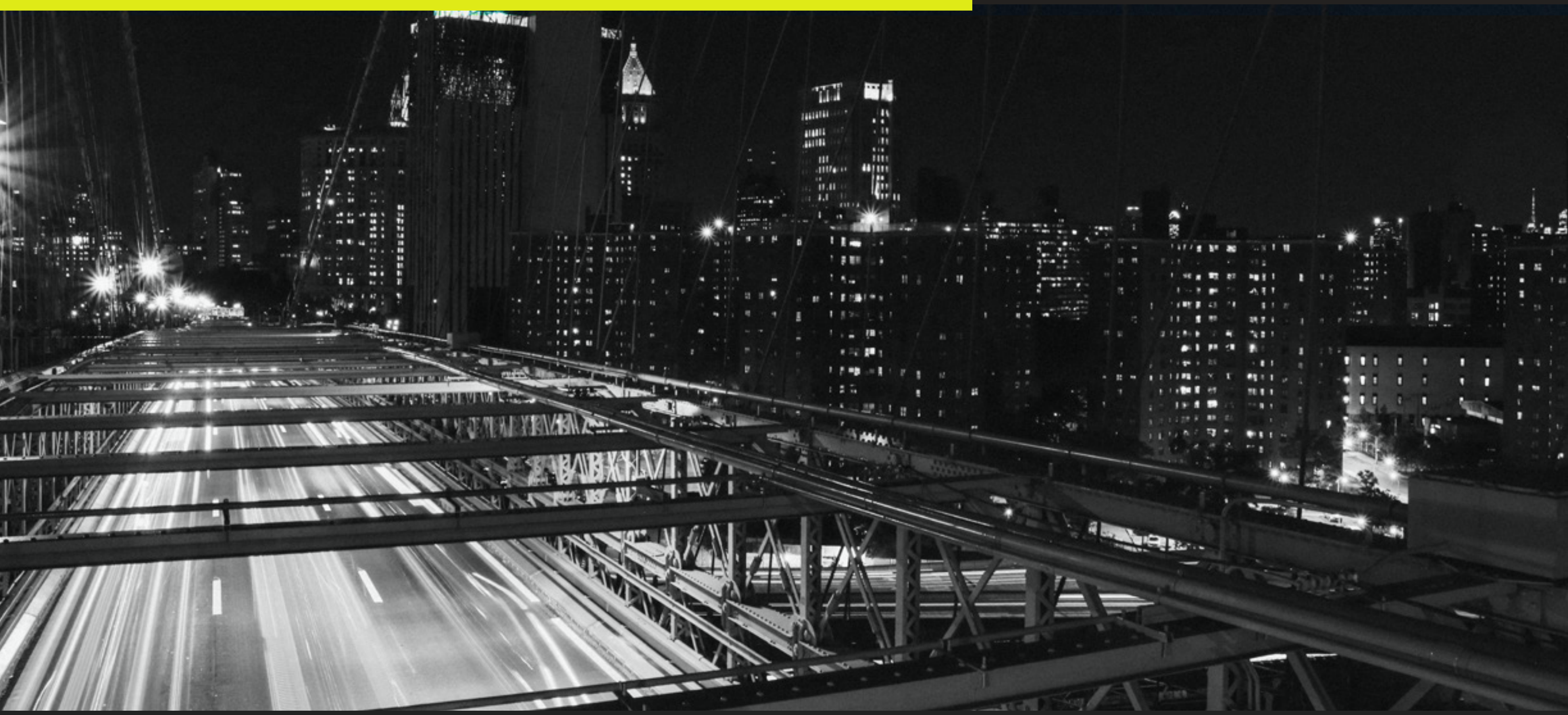
Meta purchased 49% of Scale.AI

Strategic Implications

- **Valuation Discipline:** The 50% reduction in median deal size from 2022-2023 peak to 2024-2025 reflects market maturation and focus on sustainable business models.
- **Sector Concentration**: AI/ML companies represented 15% of deals in 2022 but 67% of deal value in 2025, indicating where strategic buyers see future competitive advantage.
- **Buyer Evolution:** Strategic corporate acquirers increasingly dominate high-value transactions (>$10B), while PE focuses on profitable, mid-market software consolidation.
- **Geographic Shift:** 89% of mega-deals ($5B+) involve U.S. targets, up from 71% in 2020-2021, reflecting concentration of innovation and capital in key hubs.

Looking Forward

The data suggests exit markets are transitioning from growth-at-all-costs to strategic capability acquisition, with AI integration becoming table stakes for premium valuations. Companies positioning for exits should focus on AI integration, lean operations, and strategic alignment rather than pure scale metrics.



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