



UK IT Services M&A Insights

H1 2026

Deal volumes slowed in Q2, but buyer appetite remains concentrated around specialist capability, recurring revenue and AI-enabled transformation.



Executive Summary

Following a strong finish to 2025 and a resilient Q1, UK IT services M&A activity softened in Q2. The headline decline does not suggest a closed market; rather, buyers have become more selective and are prioritising targets with a clearly defined strategic role.

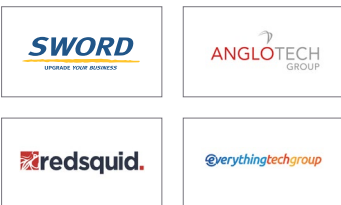
Continued Private Equity Interest

Appetite from both direct private equity investors and PE-based strategic acquirers remains broadly consistent.

The softening in Q2 appears more concentrated within strategic buyer activity rather than in financial or PE-backed strategic demand.

PE-based strategic activity held steady quarter-on-quarter, suggesting platform-led consolidation continues despite lower overall volume, with a selection of the most active buyers from the H1 period listed below:

Strategic Buyers



What is still trading

Assets with cyber, cloud, data, communications or vertical-market depth continue to attract attention.

H1 2026 deal volume

117

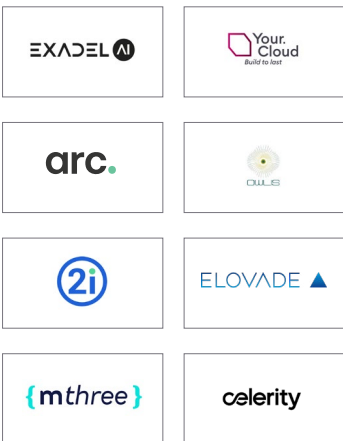
↓ 15% below H1 2025

Q2 2026 transactions

49

↓ 28% below Q1 2026

PE-backed Strategic Buyers



AI as a strategic priority

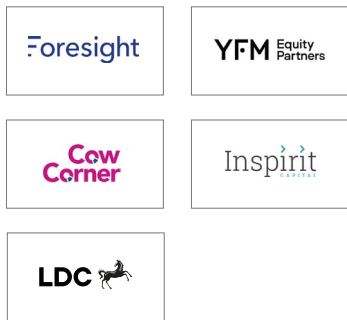
Rather than being dedicated to a specific product or function, investors and acquirers increasingly expect AI to underpin how the business operates.

Q2 strategic-led share



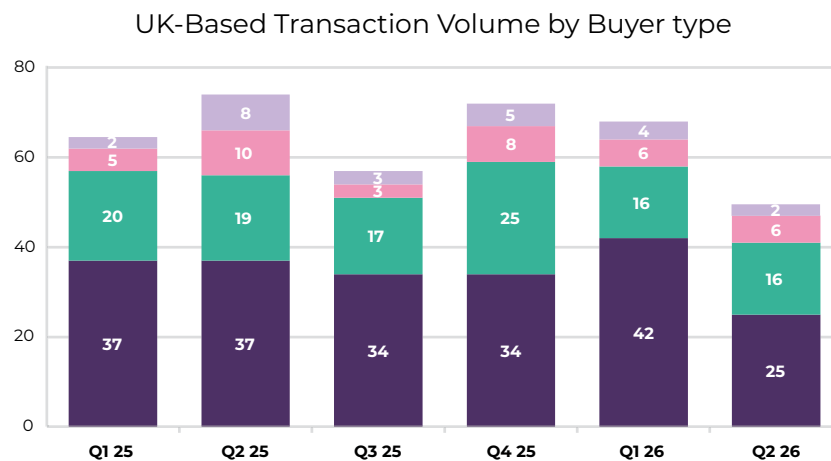
Strategic + PE-backed strategic

Financial Buyers



Activity Slowed After A Strong Q4/Q1

Total quarterly transactions fell to 49 in Q2 2026, from 68 in Q1 and 72 at the Q4 2025 peak. The composition of Q2 activity shows that strategic acquirers still drove the majority of volume, while PE-backed strategic activity remained steady quarter-on-quarter despite lower overall deal count.

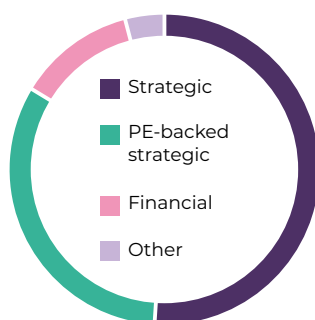


Q2's decline was material but likely reflects transaction timing following a strong Q4 and Q1, rather than a broader withdrawal from the IT services market.

The number of acquisitions made by traditional strategic buyers reduced in Q2, whilst interest from private equity remained constant.

Buyers remain active but increasingly selective, concentrating resources on targets offering recurring revenue, specialist capabilities and clear exposure to growth areas such as cybersecurity, cloud and AI.

Q2 2026 Buyer Mix



Strategic Buyers

Strategic buyer volume fell from 42 in Q1 to 25 in Q2, driving most of the headline slowdown. Corporate acquirers are concentrating on targets that provide a clear strategic benefit, such as AI, cybersecurity, cloud expertise, vertical-market access or high-quality recurring revenue.

PE-backed Strategic Buyers

PE-backed strategic acquirers completed 16 deals in both Q1 and Q2, highlighting continued platform-led consolidation.

Financial Buyers

Financial buyer activity remained steady at six deals in each of Q1 and Q2, but direct sponsor activity is still more selective than platform M&A.

→ Implication for potential sellers

While overall transaction volumes have reduced, demand remains strong for well-prepared businesses with recurring revenue, specialist capabilities and a clear strategic position.

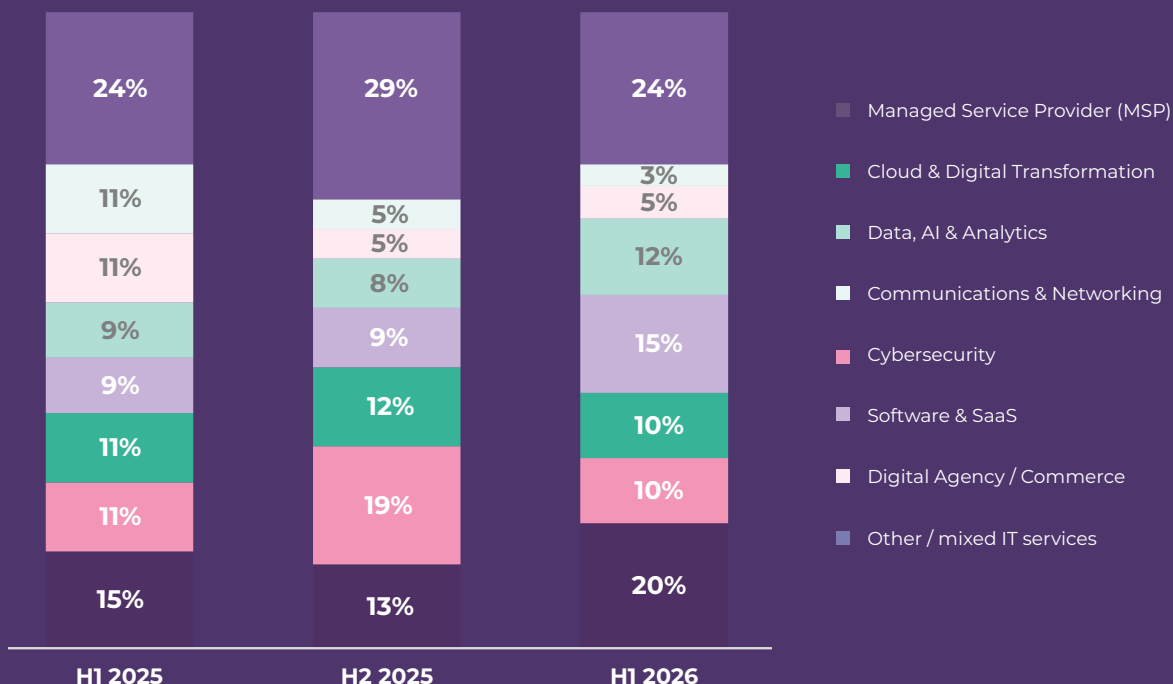
Source: MarkToMarket, UNW Analysis

Subsector Themes



Managed services remained the largest classified category across the period, but Q2 MSP volume fell sharply from 16 deals to seven. The most attractive targets are those where MSP capability is paired with a defensible specialism.

Proportion of Transactions by Category (%)



The chart illustrates the mix of the seven largest subsectors, together with the “Other” category, across the last three half-year periods. “Other” includes businesses operating across multiple service areas where no single specialism is dominant, as well as smaller subsectors not shown separately.

After an uptick in cybersecurity deals in H2 2025, H1 2026 saw the deal mix shift back towards managed services and specialist technology capabilities.

MSP activity rebounded strongly in H1 2026 to 20% of transactions, up from 13% in H2 2025 and 15% in H1 2025.

Software & SaaS and Data, AI & Analytics also gained share, rising to 15% and 12%, respectively, reflecting continued demand for scalable software, specialist expertise and practical data capabilities.

Cybersecurity accounted for 10% of H1 2026 transactions, normalising after a particularly strong H2 2025, when it represented 19% of activity.

Communications & Networking and Digital Agency / Commerce remained subdued, representing just 3% and 5% of H1 2026 activity.

Buyer interest in H1 2026 became more concentrated around recurring managed services, software and data capabilities, while more project-led and communications-focused subsectors represented a smaller proportion of activity.

Selected H1 2026 Transactions

The most relevant transactions point to three recurring buyer motivations: adding specialist capability, building scale in MSP platforms, and accelerating AI-enabled service delivery.

Date	Acquirer	Target	Subsector	Rationale
Jun 2026	 → 		Managed Service Provider	Operating under the Claranet brand, the enlarged business will have 3,500 staff and revenues in excess of €650m. The acquisition strengthens Claranet's position in the UK IT services market and gives customers access to an expanded portfolio spanning Cloud, Network, Cybersecurity, Workplace, Data and AI services.
Jun 2026	 → 		Managed Service Provider	The transaction strengthens Redsquad's enterprise infrastructure expertise and expands its support for complex, mission-critical environments across the UK. The acquisition combines WTL's specialist Oracle, Solaris and Linux expertise with Redsquad's broader cybersecurity, connectivity and managed services capabilities.
May 2026	 → 		Managed Service Provider	As part of Foresight's investment, VS Group acquired established Liverpool-based IT Managed Services Provider, The PC Support Group, for an undisclosed sum. The deal will boost the customer numbers of the enlarged group by more than 200 and will be the first of a number of bolt-on deals VS Group will make over the investment period.
May 2026	 → 		Data, AI & Analytics	Tomoro is the founding acquisition of the OpenAI Development Company, a new company designed to help organisations build and deploy AI systems. The transaction will supply the newly launched OpenAI Development Company with approximately 150 Forward Deployed Engineers (FDEs) and Deployment Specialists from Day One.
May 2026	 → 		Digital Agency / Commerce	The strategic acquisition significantly enhances Exadel's Digital Experiences (DX) capabilities by combining Exadel's deep engineering and AI expertise with Tangent's proven consulting strengths in experience design, AI, MarTech engineering and customer journey transformations.
April 2026	 → 		Communications & Networking	Cow Corner's investment will support Abtec Group's next phase of growth, strengthening its ability to capitalise on increasing demand for its network solutions. The partnership will enable continued investment across the Group's platform, accelerating growth and enhancing its position in a competitive and fast-moving market.
April 2026	 → 		Managed Service Provider	ADNS joins Cube 6 and CenCom Solutions as one of the founding acquisitions of a new private-equity backed technology Group, Owlis. The group's vision is to unite regional providers under a single, collaborative structure enabling scale, investment and enhanced service delivery through shared capability.

Source: MarkToMarket, UNW Analysis



Relevant UNW Experience

We have sell-side, buy-side, due diligence and board-level experience across IT services, SaaS, digital, ecommerce and technology-enabled businesses.



Aspire Technology Solutions

IT Managed Services, Cyber and Workplace solutions

Buy-side support on the acquisition of Cloud Cover IT



Salesfire

Ecommerce optimisation platform

Advised the shareholders on the £2.75m second round investment from Mercia



Technology Services Group

UK-wide IT services firm

Buy-side support on the acquisition of Creative Computer Solutions



ClearCourse

Software and payments platform aggregator

Due diligence provider and SPA advisory for ClearCourse across multiple acquisitions

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