



INDUSTRY UPDATE
DECEMBER 2025

Digital Transformation

The UK's digital transformation industry is currently valued at over £45 billion¹, with M&A activity expected to grow significantly over the coming years as businesses accelerate adoption across key technology domains, including software platforms, data protection, AI and cloud technologies, to remain competitive, unlock new opportunities and deliver lasting value.

HEADLINES



SUSTAINED MARKET GROWTH

Europe currently holds 28% of the global digital transformation market², expanding rapidly due to regulatory shifts, stronger data protection standards, and increased government and industry collaboration.



RIISING M&A ACTIVITY

UK dealmaking is characterised by increasing average deal sizes and heightened competition for scarce, high-quality digital transformation consultancy targets, following a challenging year in 2024.



PRIVATE EQUITY & STRATEGIC CONSOLIDATION

Both PE firms and large strategic acquirers are intensifying roll-up strategies and acquisitions in cloud, AI, and cybersecurity consultancies, sustaining premium valuations.



FAVOURABLE OUTLOOK

Easing macroeconomic headwinds and expansion into resilient sectors, such as government and healthcare, position digital transformation consultancies for sustained growth and opportunity.



MARKET OVERVIEW

In 2025, the UK accounts for the largest share of Europe's digital transformation consulting services market at 19%². Following a turbulent 2024, conditions are stabilising and renewed momentum is emerging, with the UK market projected to grow at a 15% CAGR from 2025 to 2030¹. Growth is being supported by regulatory developments such as the EU AI Act, the first comprehensive framework on artificial intelligence, and the UK Digital Markets, Competition and Consumers Act 2024, which enhances oversight of strategic digital firms and is expected to fuel demand for consulting expertise.

At the same time, the industry continues to navigate challenges. Talent shortages, high implementation costs, and the complexity of legacy system migrations remain persistent barriers. More than 40% of projects are still affected by outdated infrastructure, resulting in delays, budget overruns, and heightened cyber-security risks³. For consultancies, tackling these obstacles will be essential to sustaining their competitiveness in a rapidly expanding market.

80%

OF UK BUSINESSES ARE SEEKING AI-POWERED GROWTH

£46 billion

2025 UK MARKET SIZE

15%

UK MARKET GROWTH RATE IN 2025 - 2030

30%

ANNUAL GROWTH IN THE UK CLOUD SERVICES MARKET

GENERATIVE AI

A key driver of market growth is the rapid global adoption of generative AI, a subset of AI that uses generative models to analyse large quantities of existing data to generate novel outputs.

Businesses are increasingly engaging digital transformation consultants to identify, pilot, and scale AI-driven use cases, particularly in customer engagement, process automation, and decision intelligence⁴.

In 2025, AI remains the highest technology investment priority for European organisations, with adoption accelerating most rapidly across the financial services, healthcare, and manufacturing sectors.

CLOUD OPTIMISATION STRATEGIES

Cloud modernisation remains one of the most significant drivers of demand for digital transformation consulting, with companies seeking to migrate workloads to cloud environments to improve scalability, resilience, and cost efficiency.

As cloud adoption matures, companies are moving towards multi-cloud and hybrid-cloud strategies, creating demand for consulting support in the challenges associated with integration, security and compliance.



M&A ACTIVITY

RESILIENT MARKET MOMENTUM AMID RENEWED CONFIDENCE IN HIGH-GROWTH CAPABILITIES

UK M&A activity in 2025 has remained selective, reflecting continued investor discipline following a challenging trading environment in 2024. While deal volumes have been more muted than historical peaks, trading performance across the digital transformation sector has strengthened meaningfully over the course of the year, supporting improved confidence among both financial sponsors and strategic buyers.

Average deal sizes in the UK digital consultancy space have risen, reflecting stronger competition for quality assets and a concentration of transactions among larger, well-capitalised targets. Valuation multiples are edging higher in select segments, particularly where firms demonstrate resilient recurring revenue and meaningful AI integration.

As we head into 2026, M&A activity is poised to pick up pace with easing macroeconomic pressures and a rebound in investor confidence. Organisations are sharpening their digital-scaling strategies to stay competitive and unlock fresh avenues of growth.

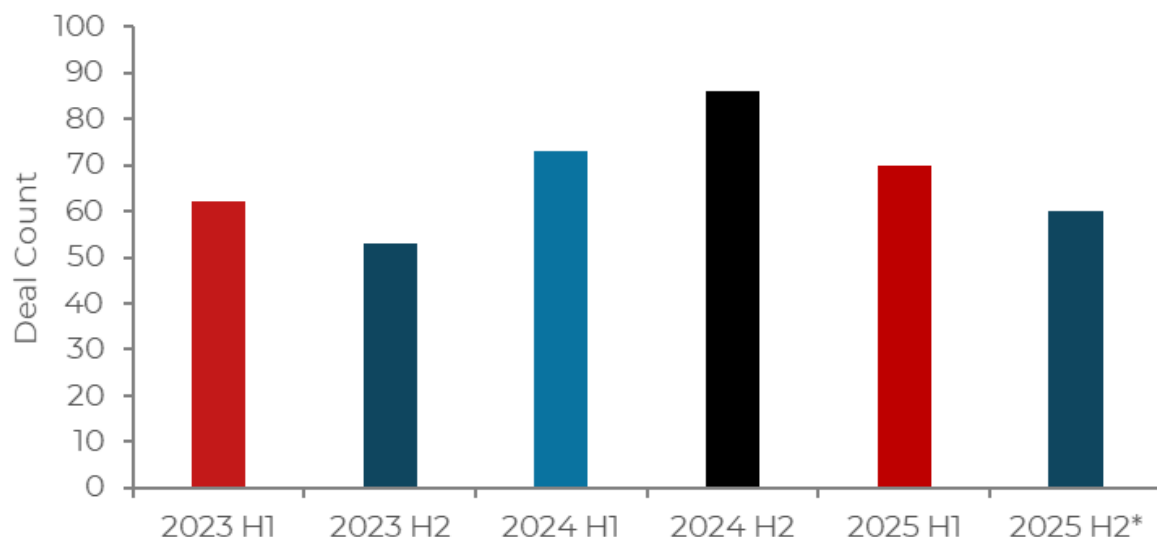
PE ROLL-UPS & STRATEGIC ACQUIRERS

Private equity remains at the forefront of the increased consolidation trend in the UK, with significantly increased deal sizes and the emergence of roll-up strategies aimed at expanding into new verticals and strengthening digital consultancy capabilities.

The rapid evolution of generative AI, coupled with the rising complexity of platforms and heightened security expectations, has led major vendors to tighten partnership qualification standards for IT services firms. These elevated thresholds now emphasise deep technical capabilities, AI integration, and compliance maturity. In response, vendor-aligned consultancies are pursuing buy-and-build strategies, enabling small and mid-sized companies to meet these elevated requirements through targeted acquisitions.

Larger strategic acquirers have maintained a proactive M&A strategy, with firms such as Accenture, Deloitte and Infosys consistently targeting digital consultancies. Their focus has centered on capabilities in cloud infrastructure, enterprise software, and cybersecurity, reflecting growing client demand for end-to-end technology transformation services.





























IT & DIGITAL CONSULTANCY TRANSACTION VOLUME IN THE UK & EUROPE⁵



**Includes projection for December 2025*



SELECTED RECENT TRANSACTIONS

Date	Target / Buyer	Target / Buyer Description	Target / Buyer HQ	Deal Rationale
26 Nov 2025		Financial services consultancy specialising in BlackRock Aladdin implementation and integration.		GCP's investment in Strata further strengthens its position in digital transformation; providing Strata with the support to accelerate global growth.
		Private equity firm seeking to invest in business services, technology, and industrial sectors.		
7 Apr 2025		Digital transformation consultancy intended to support public sector organisations.		Investment utilised by Socitm Advisory to expand its range of services and grow its client base across governmental and public services.
		Private equity firm seeking to invest in advanced tech, artificial intelligence & data and technology.		
7 Apr 2025		Digital & cloud transformation consultancy specialising in AWS.		Strengthens Acora's growing portfolio of digital transformation companies and allows it to expand into the cloud computing platform AWS.
		Provider of IT support and Microsoft-centric, business software and cloud solutions.		
28 Mar 2025		Digital transformation consultancy focused on design, data & engineering.		Enables Exponent to drive UK public sector digital transformation, and represents Exponent's fourth platform investment in 16 months.
		Private equity firm seeking to invest in media, consumer, and business services sectors.		
30 Oct 2024		Digital transformation consultancy working in cloud, data & AI, mainly for public sector clients.		Part of Reply's international growth strategy by expanding into the UK and enhance its digital transformation presence in the government sector.
		Specialises in consulting, digital services, and the integration of processes and applications.		
20 May 2024		Digital transformation consultancy specialising in HR, finance, and CRM cloud solutions.		Expands GCP's presence in the digital transformation sector, positioning it to support Cloudrock's growth in the UK and internationally.
		Private equity firm seeking to invest in business services, technology, and industrial sectors.		
8 Nov 2023		AI and data transformation consultancy specialising in cloud and business intelligence.		Positions NTT as a leading provider in the digital transformation consulting sector through its strategy to consolidate medium-sized businesses.
		Digital transformation service provider across cloud, data and AI, cybersecurity and infrastructure.		

Advised by Gerald Edelman



OUTLOOK

The M&A landscape in digital transformation consulting is encouraging, with valuations for high-quality digital transformation consultancies at a record high. Deal multiples are increasingly influenced by forward-looking performance indicators such as projected revenue growth, margin expansion potential, and the scalability of delivery models, alongside qualitative factors like technical differentiation and client retention strength.

Expansion into the public sector represents a particularly compelling opportunity for market participants more broadly, driving both organic growth and potential M&A activity. Institutions such as the NHS and HMRC are accelerating digital initiatives in response to rising cyber risks and the need for long-term efficiencies. This segment is underpinned by the stability of multi-year contracts, entrenched client relationships, and the resilience of government budgets, creating favourable conditions for consultancies that play a pivotal role in modernising legacy systems and enabling technology-driven public services.

Cloud optimisation strategies and edge computing is set to account for almost 30%² of the UK digital transformation market share in 2025 and are projected to expand further, driven by the shift toward cloud-first operating models that are becoming the default for new workloads. However, generative AI platforms are expected to be the most significant element of future transformation strategies, and forecasted to grow at a 25% CAGR to 2030¹.

Overall, the outlook for digital transformation consulting M&A is expected to remain highly active over the next year, with intensified demand for firms with strong technical capabilities. Despite underlying talent shortages, the macroeconomic landscape is looking brighter, and expected to support the continuation of premium deal valuations.

References

1. UK Digital Transformation Market Size, Mordor Intelligence, 2025
2. Digital Transformation Consulting Services Market Report Cognitive Market Research, 2025
3. Digital Markets, Competition and Consumers Act 2024, legislation.gov.uk, 2025
4. McKinsey Technology Trends Outlook, 2025
5. Pitchbook, 2025



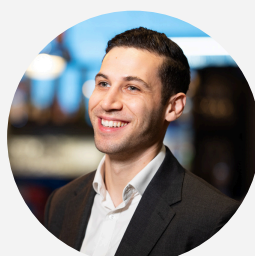
CONTACT US



Nick Wallis
PARTNER

+44 (0)20 7299 1420
nwallis@geraldedelman.com

MEET NICK



Sam Barr
DIRECTOR

+44 (0)20 3963 3915
sbarr@geraldedelman.com

MEET SAM



Jack Bettell
ASSOCIATE DIRECTOR

+44 (0)20 7299 1468
jbettell@geraldedelman.com

MEET JACK



Paul Sotiriou
MANAGER

+44 (0)20 8492 5642
psotiriou@geraldedelman.com

MEET PAUL



GERALD EDELMAN COPORATE FINANCE

Our 20+ Corporate Finance team is sector agnostic, working with businesses across all sectors (e.g. Business Services, Consumer, Healthcare, Technology, etc.). The team focuses on transactions with a target deal size of £5 million to £100 million (small to medium size businesses).

The team is divided into two 'sub-teams': Deal Advisory and Transaction Services.

Deal Advisory

Pre-sale planning

Working with businesses prior to a sale or investment exercise to maximise value and enhance market appeal.

M&A advisory (sell-side)

Supporting clients through every stage of the process, including preparing marketing materials, identifying potential buyers, negotiating terms, and overseeing due diligence and legal procedures to a successful completion.

M&A advisory (buy-side)

Providing strategic advice and support to clients and management teams wanting to acquire business interests.

Capital raising advisory

Working with businesses to help raise funds (equity or debt), whether for specific initiatives or to invest in growth and development.

Management Buyouts (MBOs)

Supporting management teams with all aspects of buying a business.

Transaction Services

Due diligence

Providing financial and tax due diligence support to buyers.

Buy-side support

Assisting buyers during the acquisition process, including transaction structuring, and identifying and delivering tax efficiencies.

Vendor support

Assisting vendors during the sale process with services such as vendor due diligence.

Valuations

Undertaking valuations of ordinary shares and more complex securities ahead of transactions, as well as management incentive schemes.

IPO support

Assisting at every stage of an IPO process including strategic planning, regulatory compliance, and undertaking the role of reporting accountant.

Forensic accounting

Performing financial analysis, investigations, or valuations in the context of legal disputes.

Clients

- Founders/entrepreneurs/business owners
- Management teams
- Financial investors

Clients

- Corporates
- Search Funds
- Private Equity firms