

J&A Sell-Side M&A Report

# Business Connectivity and Intelligence Platforms Sector M&A Transactions and Valuations

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The business connectivity and intelligence platforms sector integrates analytics, AI, and automation into cloud-native UCaaS (Unified Communications as a Service), CCaaS (Contact Center as a Service), and CPaaS (Communications Platform as a Service) solutions. These platforms enhance collaboration, improve customer engagement, and enable data-driven decision-making. Growth stems from recurring SaaS models, proprietary analytics, and adoption of scalable, hybrid deployment options across SMB, mid-market, and enterprise segments.

This report analyzes M&A transaction trends, valuation metrics, and regional investment activity in the sector from Q2 2020 to Q1 2025, focusing on capital deployment, industry consolidation, and strategic acquisitions. It emphasizes intangible assets driving valuations, SaaS revenue, analytics capabilities, and customer relationships, and examines the widening valuation gap between data-rich platforms and legacy providers. The analysis highlights key transactions, including Ericsson's acquisition of Vonage, Sangoma's acquisition of Star2Star, and Graphite Capital's investment in Babble Cloud, assessing strategic rationales, valuation outcomes, and competitive implications.

The report also reviews M&A valuation multiples, such as EV/revenue and EV/EBITDA, to identify pricing patterns and investment trends. It offers investors, financial sponsors, and corporate executives insights into consolidation strategies, competitive positioning, and future opportunities in a sector defined by connectivity, automation, and analytics.

## KEY TRENDS AND INTANGIBLE ASSETS SHAPING VALUATION IN BUSINESS CONNECTIVITY AND INTELLIGENCE PLATFORMS

This section shows the key trends shaping the sector, including cloud-native deployment, integration of analytics and AI, SMB and mid-market adoption, and industry consolidation, and outlines the intangible assets driving valuation, including recurring SaaS revenue, proprietary analytics, customer relationships, AI capabilities, and channel partnerships.

### EXHIBIT 1

## Key Trends in Business Connectivity and Intelligence Platforms Sector

CLOUD-NATIVE AND HYBRID FLEXIBILITY

ANALYTICS AS A CORE DIFFERENTIATOR

INTEGRATION WITH AI AND AUTOMATION

CONSOLIDATION AND M&A ACTIVITY

SMB AND MID-MARKET FOCUS

Source: Lake Street Capital Markets, Crexendo report (Aug 2025).

- **Cloud-Native and Hybrid Flexibility:**  
Enterprises are shifting from legacy PBX and on-premises systems to cloud-native UCaaS, CCaaS, and CPaaS platforms. Vendors with flexible deployment models gain adoption as organizations balance compliance and scalability.
- **Analytics as a Core Differentiator:**  
Platforms increasingly integrate analytics and reporting to deliver insights on call quality, customer sentiment,

usage patterns, and performance.

These capabilities position analytics as a core driver of value beyond basic communication.

- **Integration with AI and Automation:**  
Providers embed generative AI and automation into connectivity platforms to streamline workflows, automate interactions, and enhance collaboration. The shift reflects demand for unified platforms that combine communication, analytics, and automation.

- **Consolidation and M&A Activity:**  
Fragmentation drives accelerating M&A as companies acquire capabilities and scale operations. Consolidation reshapes competition by expanding service portfolios and strengthening market positions.
- **SMB and Mid-Market Focus:**  
Growth increasingly comes from SMB and mid-market customers, who adopt cloud-native platforms with integrated intelligence for lower upfront costs, scalability, and bundled analytics that enhance collaboration and customer engagement.

EXHIBIT 2

## Exhibit 2: Intangible Assets Driving Valuation - Customer Relationships, Recurring Revenue, and Data Assets

Valuation in the sector is anchored in intangible assets rather than physical infrastructure. These assets drive differentiation, support recurring revenue models, and justify premium multiples in both private and public markets. Among them, customer relationships stand out as the foundation of valuation, as they directly shape revenue durability, cross-sell opportunities, and the ability to enhance customer experience through analytics and AI.



Source: Phoenix Strategy Group, *Customer Lifetime Value in Business Valuation* (2023); FasterCapital, *Intangibles in Startup Valuation* (2024); FE International, *SaaS Metrics & Valuation Report* (2024); Acquire.com, *Valuing SaaS Companies* (2024); SaaS Capital, *Private SaaS Company Valuations* (2024); Dealmaker.Tech, *AI Startup Valuations Insights* (2024); Corporate Finance Institute, *SaaS KPIs for Valuation* (2023); Dreyfus, *AI in Intangible Asset Valuation Strategy* (2025); IDC, *MarketScape: UCaaS Worldwide* (2024); Gartner, *Magic Quadrant for UCaaS* (2024).

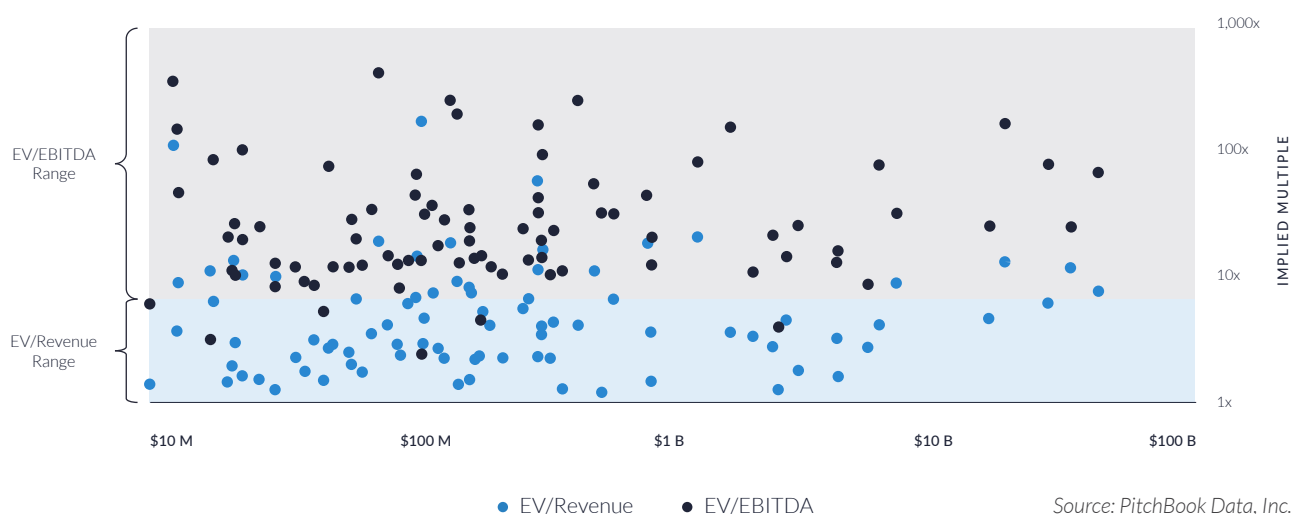
- **Customer Relationships:**  
Deep, established relationships across SMB, mid-market, and enterprise customers anchor long-term revenue, reduce churn, and create sticky cross-sell opportunities. Acquirers consistently pay premiums for differentiated customer bases, making relationships one of the strongest intangible drivers of valuation.



- **Recurring SaaS Revenue:**  
Subscription-based pricing generates predictable, high-margin cash flows and reduces churn through long-term UCaaS, CCaaS, and CPaaS contracts. Recurring revenue remains the strongest driver of valuation by increasing customer lifetime value and providing stability attractive to both strategics and financial sponsors.
- **Proprietary Analytics:**  
Advanced tools such as call monitoring, sentiment analysis, and usage insights enhance business intelligence and differentiate platforms from commodity providers. Proprietary analytics raise switching costs and improve monetization of connectivity data, supporting premium valuations.
- **AI Capabilities:**  
Features like automated routing, transcription, predictive analytics, and sentiment detection strengthen differentiation. Embedded AI improves workflows, deepens customer engagement, and creates new revenue streams, making AI readiness a key valuation factor.
- **Channel Partnerships:**  
Reseller networks, managed service provider (MSP) alliances, and integration partners extend market reach, accelerate SMB and mid-market adoption, and reduce acquisition costs. Strong distribution channels enhance competitive positioning and valuation outcomes.



## Transaction Valuation Multiples in the Business Connectivity and Intelligence Platforms Sector Analysis (Q2 2020 – Q1 2025)



\*The X- and Y-axes have been converted to a logarithmic scale to better visually represent the data.

### EV / REVENUE

MEAN

9 X

MEDIAN

4 X

MINIMUM

1 X

MAXIMUM

187 X

### EV / EBITDA

MEAN

47 X

MEDIAN

21 X

MINIMUM

2 X

MAXIMUM

452 X

- Valuation multiples are based on a sample set of M&A transactions in the business connectivity and intelligence platforms sector using data collected on August 14, 2025.
- Companies at the top end of EV/revenue multiples (20x–180x) are high-growth

intelligence platform providers with sticky subscription revenue and proprietary data assets. Investors value long-term scalability and network effects, often paying premiums even when EBITDA is low or negative.

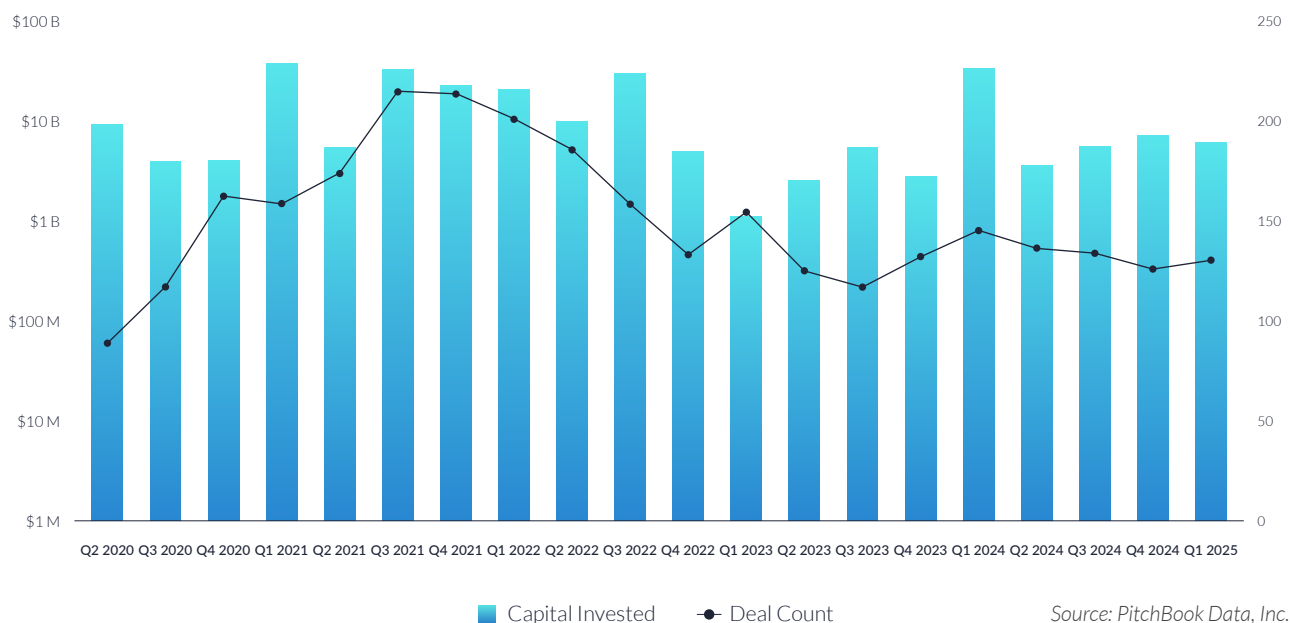
- Firms with EV/revenue multiples below 3x and EV/EBITDA under 15x are typically legacy connectivity providers with slower growth, heavier infrastructure costs, and limited technological differentiation. Their discounted valuations reflect constrained margin expansion and exposure to disruption, making them prime targets for buy-and-build strategies.
- Mid-tier companies trading at 5x–10x EV/revenue with healthy EBITDA margins often maintain defensible customer bases but trade at substantial discounts to high-growth peers. They present attractive acquisition opportunities, as buyers can capture immediate cash flow and apply AI, automation, or analytics to drive multiple expansion.



## CAPITAL MARKETS ACTIVITIES

M&A activity in the business connectivity and intelligence platforms sector is driven by the shift toward cloud-native communications, embedded analytics, and AI-enabled automation. Buyers target platforms that expand scalability, unify UCaaS, CCaaS, and CPaaS capabilities, and strengthen recurring SaaS revenue models. Recent transactions highlight strategic consolidation, integration of proprietary analytics, and the pursuit of customer bases across SMB, mid-market, and enterprise segments to enhance competitive positioning and long-term value creation.

## Announced M&A Transactions in Business Connectivity and Intelligence Platforms Sector (Q2 2020 – Q1 2025)

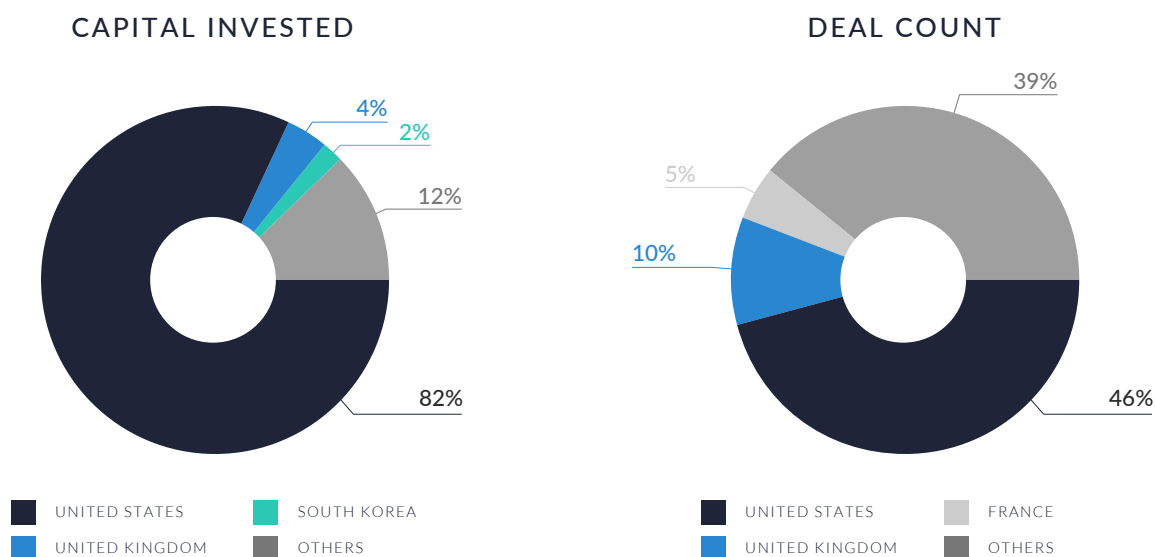


- Over the last 20 quarters, buyers deployed \$262 billion across 3,061 deals, demonstrating the sector's resilience and strategic role. Connectivity and intelligence platforms remained central to digital transformation agendas, sustaining steady deal activity despite macroeconomic cycles.
- Capital peaked in Q1 2021 at \$40 billion and Q3 2021 at \$36 billion, reflecting a post-pandemic surge in digital infrastructure investment and demand for scalable, analytics-driven platforms. Strategic buyers used this period of abundant capital to consolidate market share.
- Deal counts remained relatively stable at 120–217 per quarter, but capital deployment fluctuated sharply. Lows such as Q1 2023, with just \$1 billion deployed, indicated a pivot toward smaller, capability-driven acquisitions over blockbuster transactions. Buyers prioritized technology integration and niche assets during uncertain conditions.
- From early 2024 through Q1 2025, deal counts stabilized between 129 and 148 per quarter, but average ticket sizes fell. This period favored strategic acquirers with strong balance sheets, who pursued bolt-on acquisitions at attractive multiples ahead of potential valuation re-expansion.



The graphs below present the geographic distribution of transactions, providing additional detail on regional trends and investment dynamics.

## Breakdown of Announced M&A Transactions in Business Connectivity and Intelligence Platforms Sector by Country (Q2 2020 – Q1 2025)



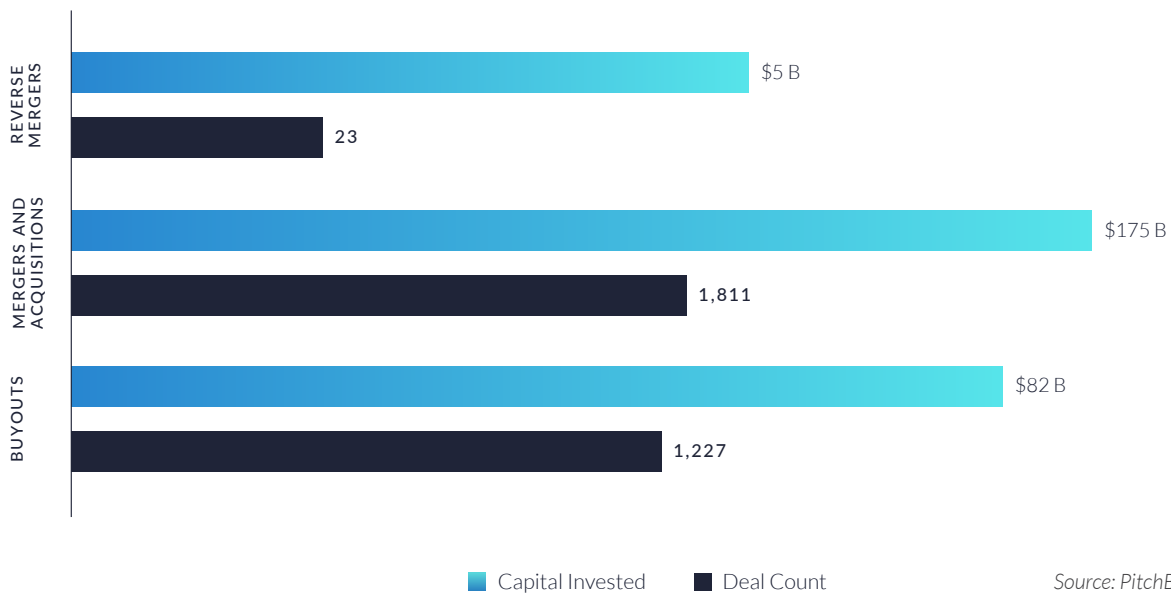
Source: PitchBook Data, Inc.

- US buyers originated 82% of capital and executed 46% of deals, showing a clear focus on larger, higher-value transactions. The gap between capital share and deal count demonstrates the ability of US buyers to deploy significant funding into scalable SaaS and data-rich platforms at premium multiples. Their activity sets the upper range of transaction sizes and valuation benchmarks in the sector.
- Non-US markets accounted for 54% of global deals, with the United Kingdom at 10% and France at 5%. These transactions remained smaller in scale but concentrated on regional consolidation, market share expansion, and technology integration. The

39% share in emerging markets indicates fragmented deal activity in Europe and Asia, where mid-market acquirers continue to drive sector participation despite lower domestic capital origination.

- The analysis shows a structural imbalance in which US acquirers provided most capital, but deployed it across both domestic and international targets, while Europe and Asia attracted external inflows without originating equivalent levels of funding. This pattern confirms that cross-border capital continues to finance regional growth and modernization, reinforcing the sector's global transaction dynamics.

## Breakdown of Announced M&A in the Business Connectivity and Intelligence Platforms Sector by Deal Type (Q2 2020 – Q1 2025)



- Mergers and acquisitions accounted for \$175 billion (67%) of deployed capital across 1,811 transactions, confirming their role as the primary driver of sector consolidation and value creation.
- Buyouts totaled \$82 billion (31%) across 1,227 deals, showing continued interest from private equity and strategics seeking operational control. The high deal count relative to capital indicates mid-market targeting, with buyers focusing on scalable platforms and niche capabilities.
- Reverse mergers were limited to \$5 billion across 23 transactions but served as a fast path to public markets for emerging tech firms. While small in volume, they created outsized valuation gains in high-growth niches.
- Capital allocation patterns reveal a market that favors strategic M&A for scale and capability acquisition, with buyouts supporting long-term platform building. Reverse mergers remain niche but relevant in disruptive sub-sectors where speed to market matters.

## M&A TRANSACTIONS CASE STUDIES

Three strategic transactions in the sector—spanning geospatial intelligence, thermal imaging, and hyperspectral sensing—underscore accelerating buyer interest in high-resolution data, dual-use technologies, and spectrum-wide sensing capabilities. The acquired companies, each with differentiated imaging platforms and strong institutional customer bases, enabled buyers to strengthen their positions in government contracting, industrial automation, and environmental intelligence. These deals reflect a growing emphasis on multi-sensor integration, mission-critical analytics, and data-driven decision-making across defense and commercial applications.



### CASE STUDY 01 VONAGE HOLDINGS



Vonage delivers cloud-based communication solutions, including unified communications, contact center software, and programmable communication APIs. Its platform integrates voice, video, messaging, and analytics to support customer engagement, team collaboration, and operational efficiency. The company serves a wide customer base, with strength among SMBs and mid-market clients through scalable, cloud-native services.

#### TRANSACTION TYPE

M&A

#### DEAL DATE

JULY 21, 2022

#### ACQUIRER

ERICSSON (STO: ERIC B)

#### ENTERPRISE VALUE

\$6 BILLION

## TRANSACTION STRUCTURE

Ericsson completed the acquisition of Vonage in an all-cash deal valued at approximately \$6 billion. The company financed the purchase entirely with existing cash resources.

## MARKET AND CUSTOMER SEGMENTS COMBINATION

The transaction combined Ericsson's global network infrastructure and strong relationships with mobile operators and enterprises with Vonage's established presence among SMBs, mid-market firms, and enterprise customers in North America and abroad. The deal broadened Ericsson's reach into businesses adopting cloud-based UCaaS, CCaaS, and CPaaS solutions, while giving Vonage access to Ericsson's global footprint.

## ACQUISITION STRATEGIC RATIONALE

Ericsson pursued the acquisition to accelerate its strategy of building a global communication platform for open innovation. By integrating Vonage's CPaaS, UCaaS, and CCaaS capabilities with its 5G and network assets, Ericsson positioned itself to deliver API-driven communication services, support enterprise digital transformation, and create new monetization opportunities for mobile operators. The deal also strengthened Ericsson's enterprise portfolio, enabling expansion into high-growth cloud communication markets and diversification beyond its traditional telecom equipment business.

### KEY INTANGIBLE ASSETS



Proprietary  
Communications  
Platform



Brand and Market  
Reputation



Established  
Customer  
Relationships



Accelerate  
Digital  
Transformation



Leverage 5G and  
Network Assets



Expand  
Enterprise  
Offering

### TRANSACTION RATIONALE





## CASE STUDY 02

## STAR2STAR COMMUNICATIONS



Star2Star Communications, a Sangoma company, provides a cloud-native unified communications platform that supports cloud, hybrid, and on-premises deployments. Its offerings include UCaaS, CCaaS, team messaging, video conferencing, and business voice services within a single integrated solution. The platform incorporates analytics and reporting to monitor call quality, usage, and system performance, helping SMBs and mid-market firms optimize operations and customer engagement. Star2Star focuses on scalability, reliability, and cost efficiency, making its solutions adaptable to varied business requirements.

## TRANSACTION TYPE

M&amp;A

## DEAL DATE

MAY 31, 2021

## ACQUIRER

SANGOMA TECHNOLOGIES  
(TSX: STC)

## ENTERPRISE VALUE

\$354 MILLION

## TRANSACTION STRUCTURE

Sangoma Technologies acquired Star2Star for \$354 million in a cash and stock deal.

## MARKET AND CUSTOMER SEGMENTS COMBINATION

The acquisition combined Sangoma's hardware portfolio, VoIP gateways, SBCs, and phones, with Star2Star's cloud-based UCaaS and CCaaS platform to create a single vendor offering end-to-end communications solutions. The combined entity expanded its reach from SMBs to large enterprises across North America and globally, while increasing its appeal to channel partners and managed service providers seeking comprehensive, analytics-enabled offerings.

## ACQUISITION STRATEGIC RATIONALE

Sangoma used the acquisition to accelerate its shift into unified communications by integrating Star2Star's UCaaS and CCaaS capabilities. The deal expanded recurring revenue, strengthened Sangoma's position against full-stack UC competitors, and leveraged Star2Star's cloud and analytics expertise to support customer digital transformation. It also enabled cross-selling across hardware, software, and cloud services, increasing wallet share and improving scalability in high-growth communications markets.

### KEY INTANGIBLE ASSETS



Established  
Customer Base



Cloud-Native Unified  
Communications  
Platform



Analytics and  
Reporting Tools



Expand Cloud  
Communications  
Portfolio



Increase  
Recurring  
Revenue Base



Cross-Sell Hardware,  
Software and  
Cloud Services

### TRANSACTION RATIONALE



## CASE STUDY 03

# BABBLE CLOUD



Babble Cloud, based in the UK, provides cloud communications solutions for small and mid-sized businesses. Its offerings include hosted telephony (VoIP), unified communications, cloud contact center services, and connectivity. The platform integrates analytics, reporting, CRM tools, and secure infrastructure to improve collaboration, customer engagement, and operational efficiency, while enabling flexible, scalable operations.

#### TRANSACTION TYPE

BUYOUT

#### DEAL DATE

NOVEMBER 10, 2020

#### ACQUIRER

GRAPHITE CAPITAL MANAGEMENT

#### ENTERPRISE VALUE

\$117 MILLION

## TRANSACTION STRUCTURE

Graphite Capital acquired a majority stake in Babble through a leveraged buyout valued at \$117 million, supported by debt financing.

## MARKET AND CUSTOMER SEGMENTS COMBINATION

The acquisition paired Graphite Capital's growth acceleration expertise with Babble's established position in the UK SMB cloud communications market. The partnership strengthened Babble's ability to serve customers in sectors such as professional services, healthcare, retail, and education, and positioned it to expand geographically and into larger enterprise accounts.

## ACQUISITION STRATEGIC RATIONALE

The deal aimed to accelerate Babble's organic growth and support a buy-and-build strategy to consolidate the fragmented UK UCaaS and managed services market. By combining Graphite Capital's financial resources with Babble's scalable platform, the transaction enabled product expansion, stronger analytics capabilities, and increased market share among SMBs. It also provided capital for technology investment, operational scaling, and integration of acquisitions to establish Babble as a leading end-to-end communications provider in the region.

### KEY INTANGIBLE ASSETS



Strong Brand  
Reputation



Experienced  
Management Team



Established  
Channel Partner  
Network



Accelerate  
Market  
Consolidation



Expand Product  
and Service  
Offerings



Enhance  
Technology  
Infrastructure

### TRANSACTION RATIONALE





M&A in the business connectivity and intelligence platforms sector is set to accelerate as enterprises seek scalable, intelligence-driven communication platforms. Buyers will continue consolidating fragmented markets, adding AI and analytics capabilities, and expanding across developed and emerging regions. The outlook remains favorable, with premium valuations concentrated in SaaS-based, data-rich platforms and continued acquisition opportunities among legacy providers.

# JAHANI & ASSOCIATES

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