

IDC MarketScape: Worldwide Mergers and Acquisitions Software 2024 Vendor Assessment

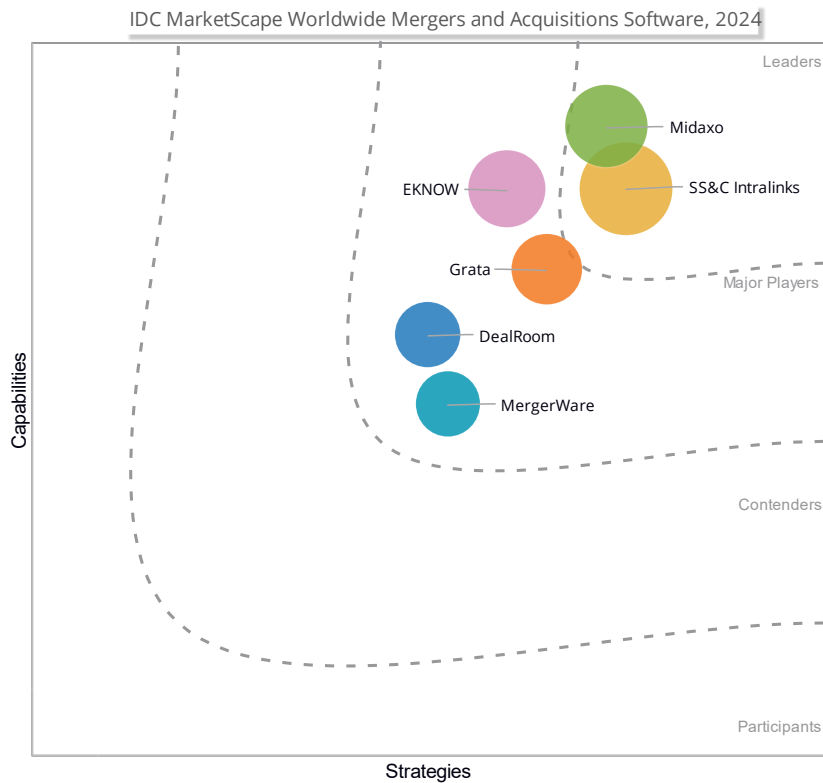
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THIS IDC MARKETSCAPE FEATURES MIDAXO

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Mergers and Acquisitions Software Vendor Assessment



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

ABOUT THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Mergers and Acquisitions Software 2024 Vendor Assessment (Doc # US51053324).

IDC OPINION

There has been a notable increase in mergers and acquisitions (M&A) activity in recent years, though the trend has experienced fluctuations due to various economic factors. The peak of recent M&A activity occurred in 2021, with global deal values reaching over \$5 trillion, driven by robust stock values, low interest rates, and pent-up demand following the initial COVID-19 pandemic disruptions. This surge was followed by a slowdown in 2022 and 2023 (estimated in the \$2 trillion to \$3 trillion range) due to increased regulatory scrutiny, higher borrowing costs, and economic uncertainty. Given the global deal values ranging from \$2 trillion to \$5 trillion, there is a need for technology solutions for companies. The outlook for 2024 is optimistic, with many experts predicting a rebound in M&A activity. This anticipated recovery is attributed to improving financial markets, decelerating inflation, and expected reductions in interest rates, which collectively create favorable conditions for dealmaking. In addition, the pressing strategic need for companies to adapt and transform their business models in response to technological disruptions and other megatrends is expected to drive M&A activity. Sectors such as energy, technology, and pharmaceuticals are already showing signs of increased deal volumes. With deal volumes increasing recently and experts predicting a rebound in M&A activity, we wanted to do an IDC MarketScape on the mergers and acquisitions technology solutions available in the market for the full process.

M&A technology offerings are crucial for corporate development (includes M&A), which in the past 5–10 years shifted to report to a chief financial officer (CFO). CFOs have been driving process efficiency and data and insights to all areas of their organization and corporate development has not been any different. The CFO has been leading M&A activity, given the impact on the financials and risk profile at a company. The CFO has been looking to reduce their outside dependency on service providers across finance and therefore looking for end-to-end solutions for each area of their organization. According to IDC's 2024

SaaSPath Survey, 61% of respondents stated the M&A activity was done in-house. M&A technologies streamline due diligence, allowing for comprehensive data analysis and uncovering hidden risks, thus ensuring that the financial health, liabilities, and risks of a potential acquisition are thoroughly evaluated. Accurate financial modeling facilitated by advanced tools ensures precise valuations, aiding in effective deal negotiation and structuring. In addition, these tools enable scenario analysis to understand potential outcomes and impacts on the combined entity's financial health. Post-merger integration is also simplified, with technology helping plan and monitor integration activities, track synergies, and ensure alignment with strategic objectives, thereby minimizing disruptions and enhancing transparency.

According to our 2024 *SaaSPath Survey*, the topmost important capabilities in M&A software were valuation and financial analysis, followed by knowledge management and best practice, and security and compliance. The most challenging part of M&A according to IDC's 2024 *SaaSPath Survey* was strategic and planning assessment, and target Identification and screening.

Given the *SaaSPath Survey* results, it is not a surprise that there has been a push in the M&A space to conduct more repeatable processes that are seamless, which we now are seeing this in the corporate finance and capital investment firms as well. Repeatable processes are important for efficiency, due diligence, compliance, and cycle time for M&A activity. Security and security access is an important attribute when evaluating and conducting M&A activity, which can swing the technology decision. High-profile M&A activity often has a "code" name and NDA signed by all those that are involved with the discussions and workflow. If some of the deals get leaked, it can lead to unwanted press attention, insider trading, or panic among employees.

Moreover, M&A technology supports regulatory compliance by managing complex requirements and maintaining detailed records and audit trails. It centralizes all relevant information, improving collaboration and decision-making among stakeholders, and provides real-time updates to ensure everyone is on the same page. Cost efficiency is another significant benefit, as automation reduces the time and resources needed for M&A activities, leading to substantial cost savings. These technologies also allow for more effective resource allocation, enabling the CFO to focus on strategic rather than administrative tasks. Ultimately, M&A technology provides data-driven insights that support strategic decision-making, helping the CFO align M&A activities with overall corporate strategy and analyze market trends and competitive landscapes to identify potential targets and assess their strategic fit.

Vendor Inclusion Criteria for Mergers and Acquisitions

- Vendors will be included based on their meeting IDC's functionality requirements for M&A.
- The vendor must have a modern cloud offering.
- Vendor inclusion will also be based on ability to provide at least three of the following capabilities:
 - Deal sourcing and evaluation
 - Due diligence management
 - Valuation and financial analysis
 - Legal, regulatory compliance, and risk
 - Project management, communication, and collaboration
 - Integration planning and execution
 - Performance monitoring and reporting
 - Data security and confidentiality

Capabilities Definition for M&A Software

- **Deal sourcing and evaluation:** M&A software should provide tools to identify and evaluate potential acquisition targets or merger opportunities. This may include features like market research, financial analysis, and benchmarking to assess the strategic fit and potential value of a target company.
- **Due diligence management:** M&A software should facilitate the due diligence process by streamlining the collection, organization, and analysis of relevant information. It may include document management, data rooms, collaboration features, and workflow automation to ensure efficient due diligence activities.
- **Valuation and financial analysis:** Capabilities related to financial modeling, valuation methodologies, and scenario analysis can assist in evaluating the financial aspects of a deal. This may involve assessing the target company's financial statements, conducting financial projections, and estimating synergies and potential risks.
- **Legal, regulatory compliance, and risk:** M&A transactions involve complex legal and regulatory considerations. Software with compliance capabilities can help manage legal documentation, track regulatory requirements, and ensure adherence to applicable laws, such as antitrust regulations and industry-specific compliance standards.

- **Project management, communication, and collaboration:** Effective M&A software should support project management and collaboration among various teams and stakeholders involved in the deal. This can include task tracking, milestone management, team communication, and centralized information sharing to enhance coordination and efficiency.
- **Integration planning and execution:** Post-merger integration is a critical phase of M&A. Software with integration planning features can aid in developing integration strategies, defining objectives, and managing the execution of integration plans across different functional areas, such as finance, IT, operations, and HR.
- **Performance monitoring and reporting:** M&A software may include capabilities for tracking and measuring the performance of the merged entities, monitoring key performance indicators (KPIs), and generating reports to assess the success and value realization of the deal.
- **Data security and confidentiality:** Given the sensitive nature of M&A transactions, robust data security measures and confidentiality features are essential in M&A software. This may involve encryption, access controls, user permissions, and secure data storage to protect sensitive information throughout the M&A process.

ADVICE FOR TECHNOLOGY BUYERS

When evaluating M&A software, it is essential to focus on the solution's ability to streamline and manage the entire M&A life cycle. Look for software that offers comprehensive deal management features, including pipeline tracking, due diligence, and integration planning. Ensure the software provides robust data security and compliance capabilities to protect sensitive information throughout the M&A process. In addition, the ability to facilitate collaboration among stakeholders through secure document sharing, real-time communication tools, and centralized data repositories is crucial for the smooth execution of deals. Consider whether the software integrates seamlessly with other enterprise systems, such as financial, legal, and HR platforms, to ensure a cohesive approach to managing M&A activities.

Another critical factor to consider is the software's analytical and reporting capabilities. The software should offer advanced analytics to help identify potential targets, assess valuation, and conduct thorough risk assessments. Real-time reporting and customizable dashboards can provide valuable insights and support data-driven decision-making throughout the M&A process. In addition,

evaluate the vendor's support and training resources to ensure your team can effectively use the software and leverage its full capabilities. Consider the software's scalability to accommodate future M&A activities and the potential for increased complexity as your organization grows. By focusing on these aspects, you can select an M&A software solution that enhances efficiency, improves collaboration, and supports strategic decision-making throughout the mergers and acquisitions process.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

Midaxo

After a thorough evaluation of Midaxo strategies and capabilities, IDC has positioned the company in the Leaders category within this 2024 IDC MarketScape for mergers and acquisitions software.

Midaxo is a cloud-based software provider for corporate development and M&A, offering a platform that centralizes workflows, documents, approvals, and analytics to streamline these processes. The platform enhances collaboration with role-based access, supports real-time analytics and AI-driven insights, and integrates with existing productivity tools, serving industries such as healthcare, financial services, and IT. Midaxo aims to increase deal velocity and visibility, helping organizations manage complex transactions more efficiently and achieve consistent inorganic growth. The company's philosophy is centered around "find, evaluate, and deliver" referring to the three stages of the M&A end-to-end process.

Quick facts about Midaxo include:

- **Employees:** 40
- **Globalization:** 200 users globally
- **Industry focus:** Financial services, manufacturing, business services, construction, healthcare, pharmaceutical
- **Ideal customer size:** Both midsize companies and large enterprises (An ideal customer has an executive focus on inorganic growth and does four or more deals per year.)

- **Average implementation time:** Less than a month

Strengths

- **Capabilities:** Midaxo offers an impressive number of capabilities for a full end-to-end M&A process.
- **Road map:** Midaxo has a robust road map that includes more capabilities on the horizon for a more thorough financial valuation and analysis but also AI-enhanced capabilities to help with automation and guidance.
- **Customer support:** Customers noted customer support and service as being excellent.

Challenges

- **Brand awareness:** One of the biggest challenges for Midaxo is still brand awareness. More marketing and education on its abilities in the M&A market will help Midaxo expand its market presence.
- **Speed:** Customers said one of the drawbacks was the performance of embedded analytics and reports often taking longer than expected to load.

Consider Midaxo When

Consider Midaxo when looking for an end-to-end solution with a strong technology road map for M&A.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions

about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Mergers and Acquisitions

- **Mergers:** A merger occurs when two or more independent companies combine their operations to form a new company. In a merger, the involved companies usually pool their assets, resources, and personnel to create a unified entity. The shareholders of the merging companies often receive shares in the new company based on the terms of the merger agreement.
- **Acquisitions:** An acquisition takes place when one company, known as the acquirer or buyer, purchases another company, referred to as the target or seller. In an acquisition, the acquiring company obtains control over the target company by purchasing a significant portion or all of its assets or shares. The target company may continue to exist as a subsidiary or be fully integrated into the acquiring company, depending on the terms of the acquisition.

LEARN MORE

Related Research

- *IDC MarketScape: Worldwide SaaS and Cloud-Enabled Medium-Sized Business ERP Applications 2024 Vendor Assessment* (IDC #US50655223, May 2024)
- *IDC MarketScape: Worldwide Data Clean Room Technology 2024 Vendor Assessment* (IDC #US51607923, January 2024)
- *IDC MarketScape: Worldwide Cloud and Applications-Centric Marketplaces 2023 Vendor Assessment* (IDC #US51037123, December 2023)
- *Industry Cloud Directory — Semiannual Update, 4Q22* (IDC #US48551022, November 2022)
- *IDC MarketScape: Worldwide Modern Talent Acquisition Suites, TA Specialist 2022 Vendor Assessment* (IDC #US49198921, June 2022)

Synopsis

This IDC study highlights the increasing importance of M&A technology in facilitating efficient dealmaking processes amidst fluctuating M&A activities. With a focus on end-to-end solutions that streamline due diligence, financial analysis, and post-merger integration, the report evaluates key vendors based on their capabilities to support the entire M&A life cycle, emphasizing the need for robust data security, compliance, and strategic decision-making tools in selecting the right M&A software.

"In an era of fluctuating M&A activity, technology emerges as the linchpin for strategic corporate development and efficient dealmaking." — Heather Herbst, research director, Worldwide Office of the CFO

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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