



VISTA POINT ADVISORS

# Government Technology Market Update

Q4 2024

# **I. Executive Summary**

# Executive Summary

## Sector Overview

- As of 2024, the Global Government Technology sector (“GovTech”) amounted to \$606b and is projected to reach \$1.4t by 2034, growing at a CAGR of 8.9%.
- As of Q4 2024, M&A activity has exceeded 2022 and 2023 in terms of deal count. However, transaction count has not yet reached the levels recorded in 2021. Despite this, 2024 is shaping up to be a strong year for M&A activity.
- The sector can anticipate greater clarity and consistency in valuation, leading to increased stability in transaction volume within the industry.

## Q4 2024 Report Themes



Factors such as data security and rigorous compliance standards are anticipated to drive growth in this industry.



Public companies have modernized their services to remain competitive with the private sector.



GovTech drives sustainability by optimizing resources and reducing emissions.

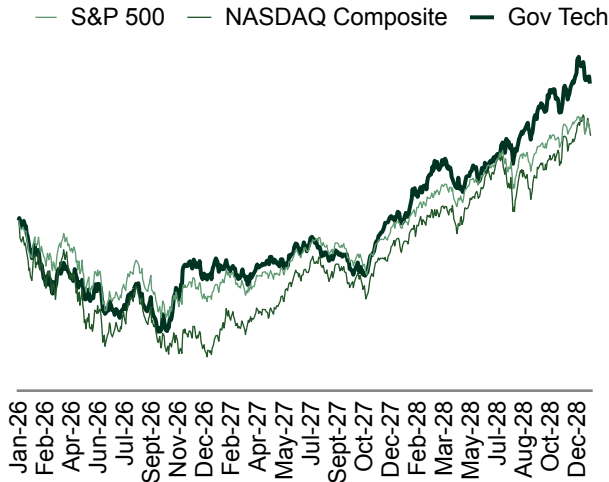


Investments in technology are expected to be influenced by a comprehensive state approach to budgeting.

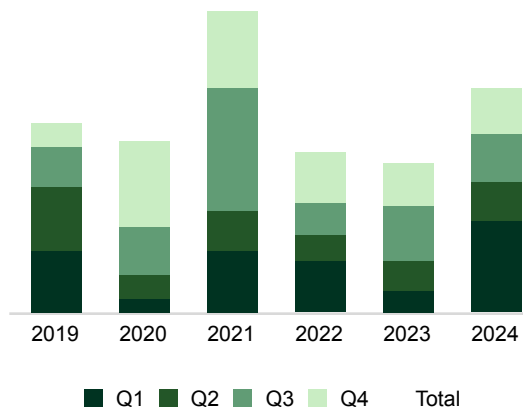


GovTech has shown improved transparency and combats corruption.

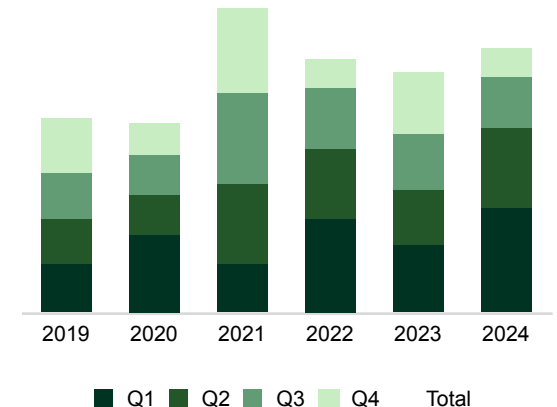
## GovTech Companies Performance\*



## M&A Transactions



## Private Funding Transactions



# Select Key Players in Government Technology

## Data and Record Systems

AXON, Brightly, eso, HEXAGON, Honeywell, IBM, Johnson Controls, MAGNET FORENSICS, mapbox, MARK43, Microsoft, nuix, SAP, SOUNDTHINKING

## Engagement and Communications

Capita, CARBYNE, CENTRALSQUARE, CIVICPLUS, everbridge, FiscalNote, GRANICUS, nextdoor, OnBoard, Quorum, VERINT, Zencity

## Operations, Admin, Finance

Accela, AVENU, EUNA solutions, HARRIS, Hyland, infor, maximus, NEOGOV, OPENGOV, ORACLE, Paylt, Quest, readytech, tcp, tyler technologies, unison, Wolters Kluwer, workforce optimizer

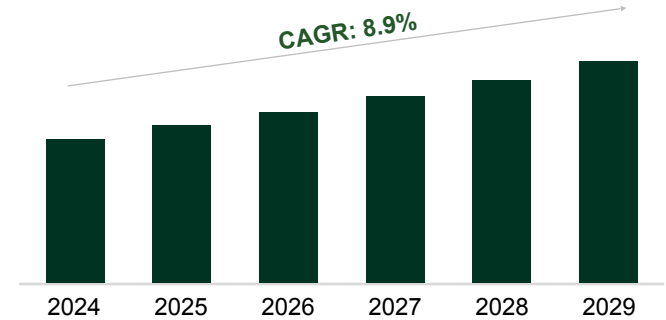
## Vertical GovTech

ACTIVE network, ARCADIS, Bonterra, ECOLAB, Everlaw, okta, Passport, QUALIFACTS, REKOR, Relativity, Submittable, UNILINK, WellSky

# Industry Trends and Outlook (1/2)

## Global Government Technology Market Size (\$b)

- GovTech drives efficiency through automation, enhances transparency to combat corruption and supports sustainability goals by optimizing resources and reducing emissions.
- Governments using decision intelligence will improve citizen services by integrating data from various sources. AI will enable better early warning systems, more efficient response measures, and agile decision-making.
- The transformative impact of GovTech depends on systemic changes driven by strategic investments, cross-sector collaboration and a commitment to digital inclusivity.



## 2025 Outlook Trends



### Cloud Technology Modernization

The GovTech sector is rapidly adopting modern cloud technologies, driven by updated FedRAMP guidance, accelerating digital transformation in government operations.



### Data-powered public services for better decision-making

Governments are using traditional and non-traditional data sources, such as real-time sensors and satellite imagery, to improve public service delivery. In the U.S., initiatives like AI in transportation and IoT-based smart city solutions in San Francisco highlight how these data sources enhance efficiency, safety, and responsiveness in urban services.



### AI governance is gaining traction with government leaders

Governments are ensuring AI is used ethically, securely, and trustworthily as it evolves. In the U.S., the White House issued an Executive Order on Safe, Secure, and Trustworthy AI Development, setting new standards for AI safety, security, and privacy protection.



### Strengthened Cybersecurity

Enhanced security standards in GovTech are ensuring cloud solutions meet federal cybersecurity requirements, protecting sensitive government data.



### Digital and innovative foundations for efficient public services

Governments are using emerging technologies like AI, automation, and modular software to improve public services, making them more efficient and responsive. AI tools are streamlining processes like fraud detection, enhancing service delivery and reducing delays, and driving digital transformation for greater accessibility and scalability.



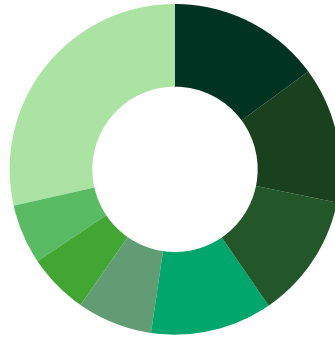
### Government technology is redefining work in every way

Government agencies use data and AI to streamline processes and boost productivity, employing chatbots and virtual assistants for faster service. They're now integrating platforms that combine data, AI, and CRM to meet demands and enhance accountability.

# Industry Trends and Outlook (2/2)

## 2024 State-Level IT Budget

- Department of Homeland Security
- Department of Health and Human Services
- Department of the Treasury
- Department of Veterans Affairs
- Department of Energy
- Department of Justice
- Department of Transportation
- Other



The 2025 federal IT budget totals \$75 billion, with significant investments in cybersecurity, including the implementation of zero-trust principles and measures to secure the software supply chain against evolving threats.

\$70 million is allocated for AI management across agencies, with an additional \$300 million to advance AI usage for the public good, alongside \$40 million for recruiting and training AI talent in the federal government

## Benefits of Adopting Emerging Technologies

92%

of state and local agency leaders agree that adopting emerging technologies at their agency will increase overall efficiency

91%

of state and local agency leaders agree that adopting emerging technologies at their agency will enhance their agency's ability to use data

92%

of state and local agency leaders agree that adopting emerging technologies at their agency will improve management and insights

88%

of state and local agency leaders agree that adopting emerging technologies at their agency will free up employees' time for more valuable work

## Governments must move from “doing digital” to “being digital”



### Beginning Digital

Digital storefronts and websites are constructed to provide information and other basic services. There is little real change to services or Government.



### Doing Digital

Digital technologies are deployed to improve customer experience resulting in improved services but very little change to government.



### Becoming Digital

Some services are fully digitized, but most remain hybrid. While operations advance, cognitive intelligence for continuous improvement is still lacking.



### Being Digital

The Human experience is elevated. Human-centered design and advanced technologies like AI, cyber and cloud are used to radically improve service delivery.

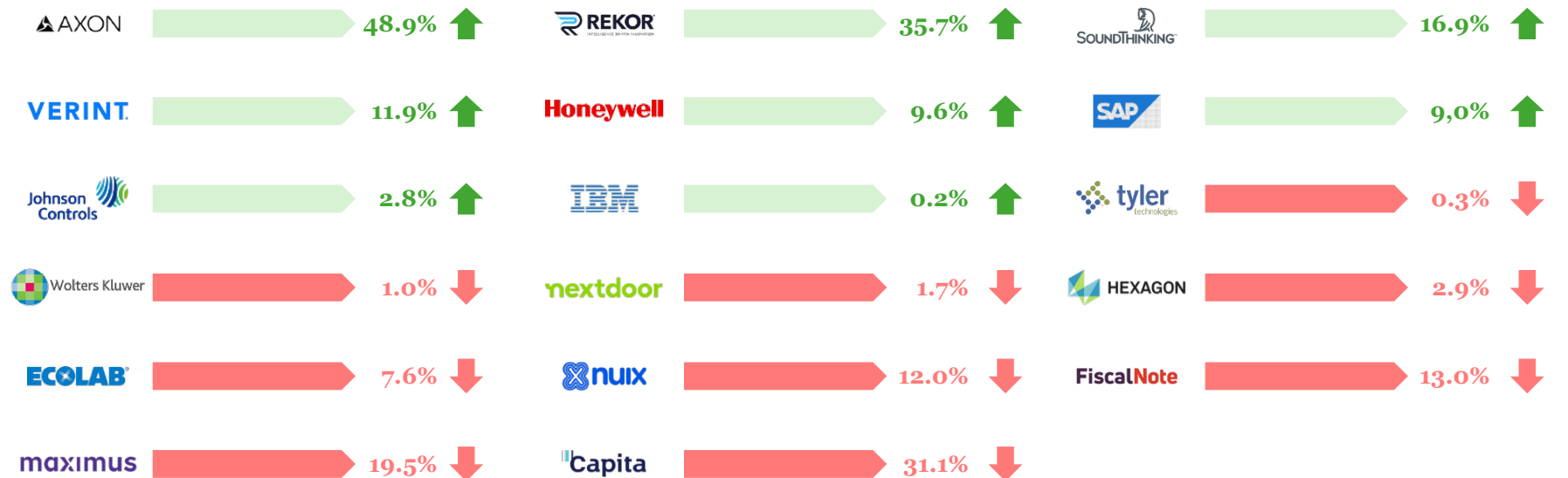
## **III. Capital Markets & Public Trading Data**

# Public Companies Performance (1/3)

## Select Government Technology Public Companies Constituting the Public Index



## Q4 24 Government Technology Companies Performance

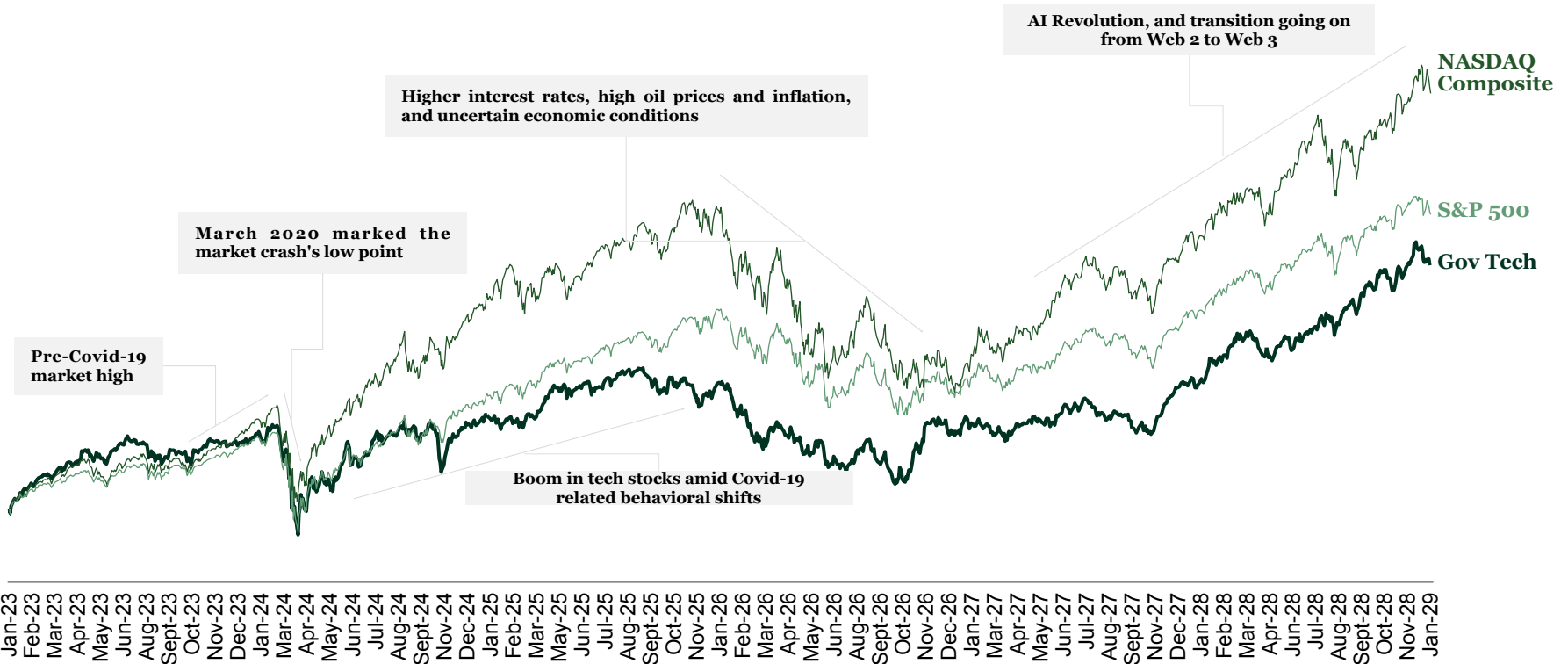




# Public Companies Performance (2/3)

The GovTech industry continues its growth in an uptrend, although it lagged behind the S&P 500 and NASDAQ Composite. It experienced a surge in early 2024, driven by robust funding, international events, sustained government focus, and a recovering IPO market, despite ongoing regulatory challenges. Increased defense spending, prompted by geopolitical tensions, further supported the sector's growth and contributed to economic stability amid broader challenges.

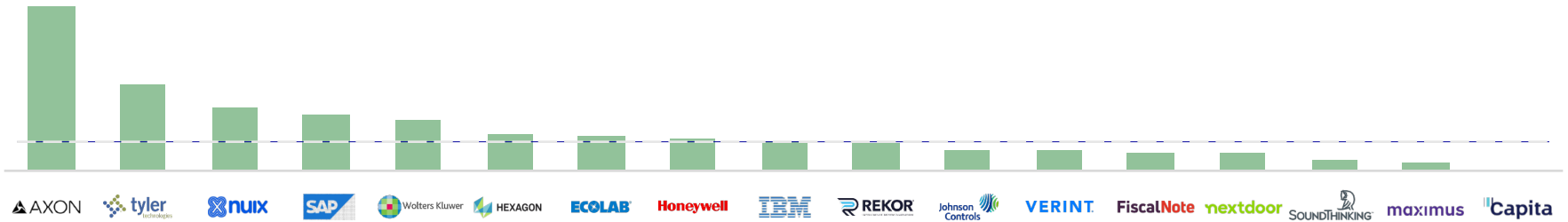
Index Growth	CY 24	Q4 23	Q4 24
GovTech	34.0%	17.6%	4.6%
S&P 500	24.0%	11.2%	3.0%
NASDAQ Composite	30.8%	12.8%	7.8%



# Public Companies Performance (3/3)

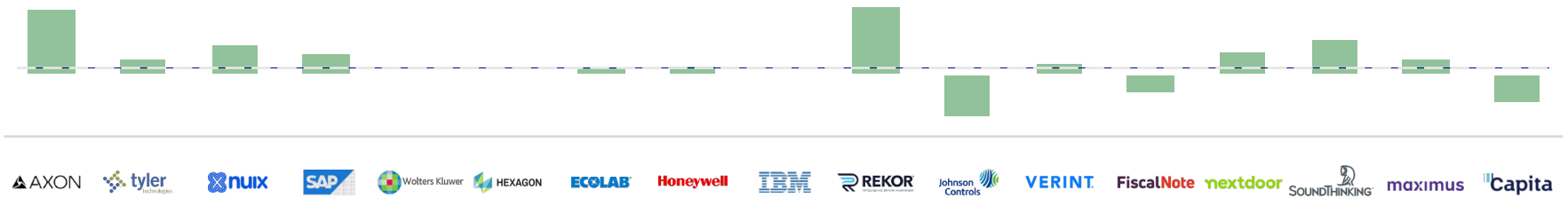
## EV/Revenue (LTM)

Median: 4.0x



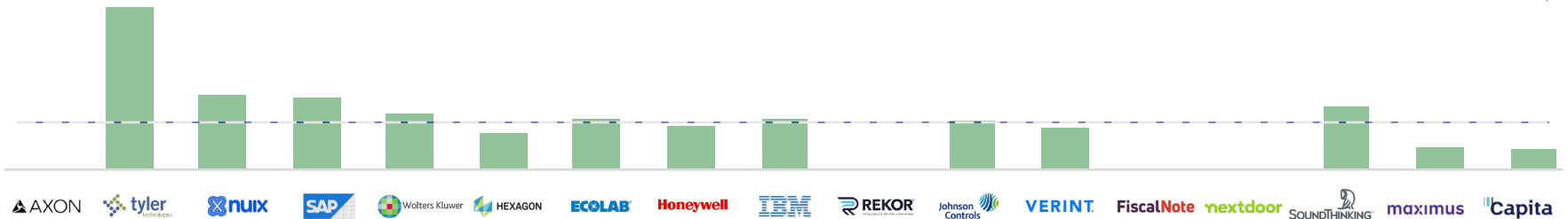
## Revenue Growth (LTM)

Median: 4.4%



## EV/EBITDA (LTM)

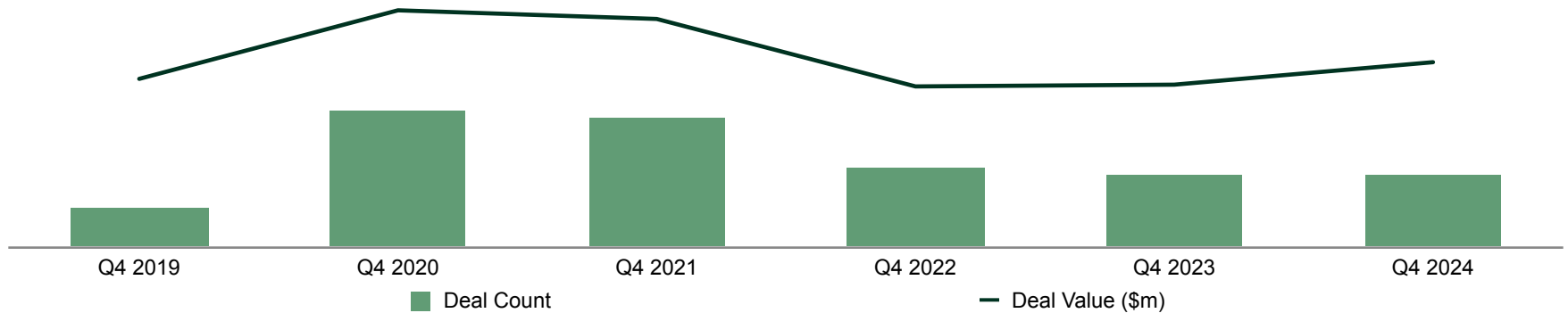
Median: 20.7x



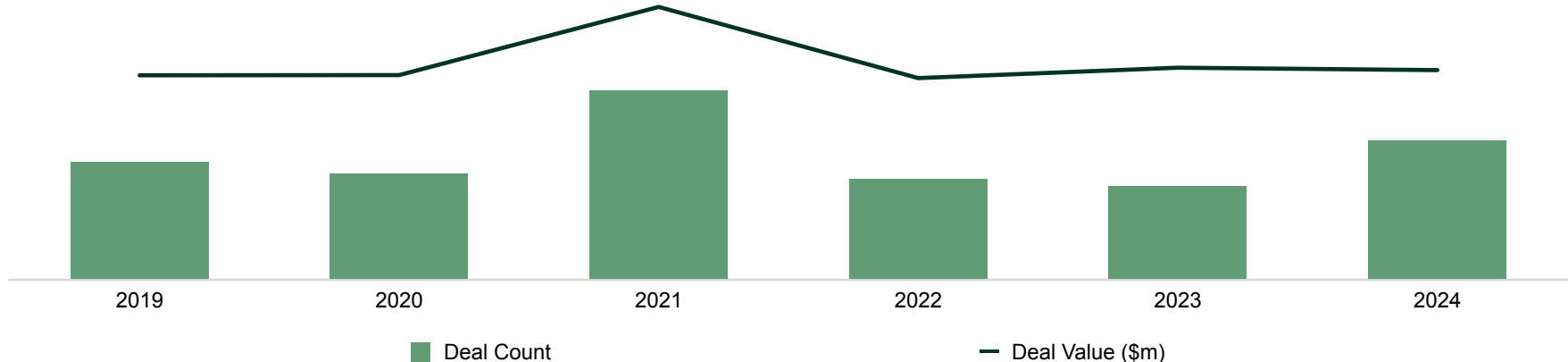
# Government Technology M&A Activity (1/3)

While deal activity slowed in 2022 and 2023 compared to 2021, the steady flow of government contracts showed an uptrend in 2024. System modernization continues to drive growth in Government IT Services, while rising demand for AI solutions is boosting strategic M&A activity. AI is poised to remain a key driver in gov tech, with long-term initiatives like the GovAI Coalition in San Jose.

## Historical Q4 M&A Summary















































## Annual M&A Summary



# Government Technology M&A Activity (2/3)

## Most Active Buyout Investors

Active Investors from 2019 – 2024							
Company Name	Investor Type	# of New Investments	Notable Investments				
	PE/Buyout	6					
	Strategic	5					
	PE/Buyout	5					
	Growth/Expansion	5					
	PE/Buyout	4					
	Growth/Expansion	4					
	Strategic	4					
	PE/Buyout	4					
	PE/Buyout	3					

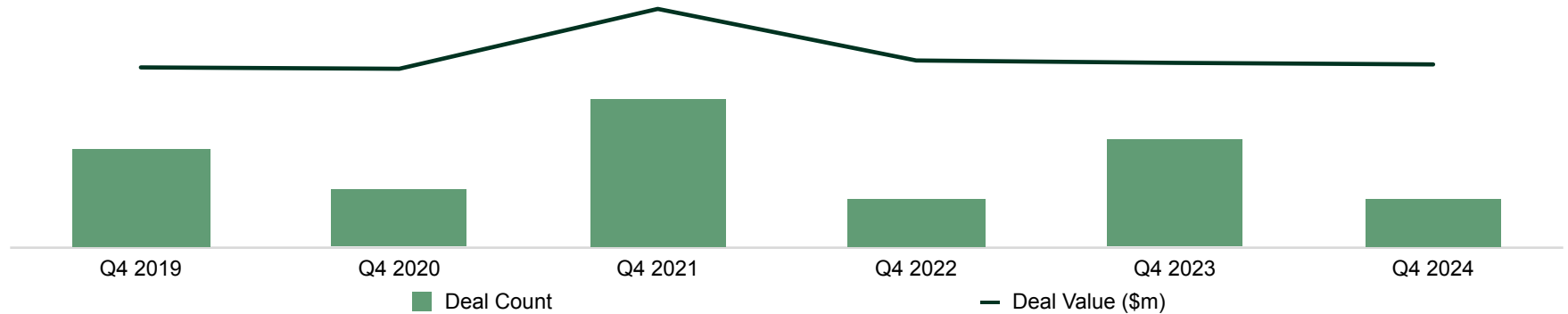
# Government Technology M&A Activity (3/3)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
22-Nov	 GovPro AI	 Unanet	Operations, Admin, Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Developer of a government proposal writing platform intended to simplify the RFP response process by decoding complex requirements and generating customized proposal outlines.</li> </ul>
18-Nov	 IMPLAN	 Charlesbank	Data and Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Developer of economic impact data and analytical software designed to serve the economic data needs of the government.</li> </ul>
12-Nov	 pragmatics <small>THINK. INNOVATE. DELIVER.</small>	 INTEGRAL FEDERAL	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Provider of DevSecOps solutions intended to serve federal government clients in both defense and civilian sectors.</li> </ul>
1-Nov	 YAKABOD	 EVERFOX	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Developer of a security-focused software platform intended for enterprises and government agencies.</li> </ul>
31-Oct	 MGS Engineering Consultants, Inc.	 RTI INTERNATIONAL	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Developer of hydrological engineering and statistical software modeling intended for government agencies, hydropower operators, utility owners and dam safety organizations.</li> </ul>
16-Oct	 AERODOME	 ffock safety	Vertical GovTech	\$300m	Undisclosed	<ul style="list-style-type: none"> <li>Developer of air support and drones as first responder platforms intended to allow agencies to deploy drones for missions.</li> </ul>
11-Oct	 autura	 TRAXERO	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Developer of towing management and logistics suite intended to connect towing companies and local law enforcement.</li> </ul>
07-Oct	 CASELLE	 RELAY RIDGE CAPITAL	Operations, Admin, Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Developer of accounting management software created to track and report all financial information enabling government agencies to smoothly trace and register project data.</li> </ul>
07-Oct	 Civic Systems	 RELAY RIDGE CAPITAL	Operations, Admin, Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Developer of technology solutions for the public sector, specializing in financial and utility billing.</li> </ul>
<b>Median</b>				<b>\$300m</b>	<b>NA</b>	

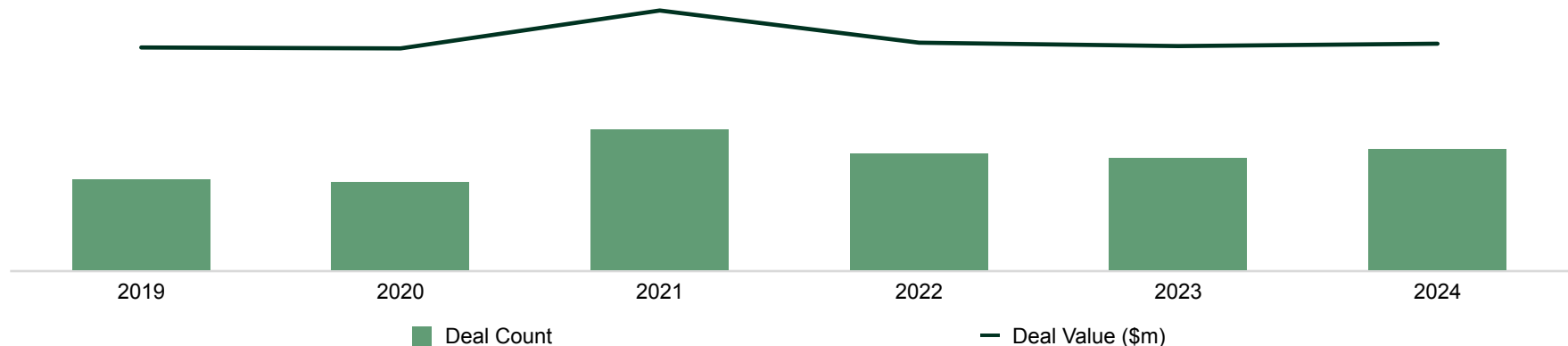
# Government Technology Investment Activity (1/3)

GovTech investment activity is on an upward trend, with year-end results exceeding 2023 and 2022 levels. The sector's stability drives private equity interest during downturns and its role in modernizing government operations. GovTech is viewed as recession-resistant, offering opportunities for public sector innovation. Increased demand for ESG-focused technologies has also attracted PE investments that align with these values.

## Historical Q4 Financing Summary











































## Annual Financing Summary












# Government Technology Investment Activity (2/3)

## Most Active Minority Investors

Active Investors from 2019 – 2024			
Company Name	Investor Type	# of New Investments	Notable Investments
	Venture Capital	6	    
	Venture Capital	6	    
	Venture Capital	5	   
	Venture Capital	5	  
	Venture Capital	4	   
	Venture Capital	4	   
	Venture Capital	4	 
	Venture Capital	3	 
	Venture Capital	3	 

# Government Technology Investment Activity (3/3)

Date	Target	Investor	Sub-Sector	Deal Size	EV/Revenue	Target Description
1-Dec	 VotingWorks	  SCHMIDT FUTURES	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> <li>Developer of election technology designed to provide voting machines.</li> </ul>
7-Nov	 CLOVERLEAF AI		Engagement and Communications	\$<10m	Undisclosed	<ul style="list-style-type: none"> <li>Developer of a video-based research tool designed to deliver the government data needed to stay focused on business.</li> </ul>
29-Oct	 Psi AI	 Battery	Operations, Admin, Finance	\$11m	Undisclosed	<ul style="list-style-type: none"> <li>Developer of an AI-based bidding intelligence system platform intended to bring government contractors with a set of AI-powered applications.</li> </ul>
17-Oct	 ABEL	 day one ventures	Vertical GovTech	\$<10m	Undisclosed	<ul style="list-style-type: none"> <li>Developer of AI for local governments based in San Francisco, California.</li> </ul>
16-Oct	 FORCEMETRICS	 Costanoa	Engagement and Communications	\$22m	Undisclosed	<ul style="list-style-type: none"> <li>Developer of people performance analytics software and socially conscious data products designed to improve the lives of citizens.</li> </ul>



## **IV. Vista Point Advisors Overview & Credentials**

## A Truly Unconflicted Approach

**Vista Point Advisors Is  
The Leading Sell-Side  
Investment Bank  
Exclusively Focused On  
M&A and Capital Raising  
For Founder-Led  
Software And Internet  
Companies**

- Focus on **Founder-Led**, minimally-funded businesses

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- Unconflicted advice: **exclusively** a sell-side advisor

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- Software and Internet domain expertise

## VPA Key Metrics

**120**

TRANSACTIONS

**22**

INVESTMENT BANKERS

**24%**

CROSS BORDER DEALS

**\$50 – \$400M**

TRANSACTION SIZE RANGE

**\$7.8B**

TOTAL ENTERPRISE VALUE

**\$6.0B**

LIQUIDITY TO FOUNDERS

**100%**

SELL-SIDE TRANSACTIONS

**1,500+**

LOIs RECEIVED

**10+ Years**

SENIOR BANKER TENURE



# Leading Advisor to Closely-held Technology Companies

In the past 3 years, here are our results:

51











































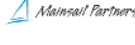




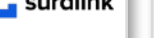



































CLOSED TRANSACTIONS

\$4.3B

ENTERPRISE VALUE

9.0x

AVG. ARR MULTIPLE

 <i>acquired by</i> 	 <i>investment from</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>investment from</i> 	 <i>acquired by</i> 
 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>investment from</i> 	 <i>investment from</i> 	 <i>investment from</i> 
 <i>acquired by</i> 	<p>Undisclosed</p> <i>investment from</i> 	 <i>investment from</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 
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# For Founders

## Perspectives

[Learn More](#)

**SaaS Founder Focus in an Election Year: Separating Hype from Market Reality**

**The Pitfalls of Prematurely Sharing Data with Investors**

**The Reason So Many Private Equity Firms Call You**

**Why Do So Many Private Equity Firms Call You?**

Michael Lyon  
VISTA POINT ADVISORS

## Insights

[Learn More](#)

**The Do's and Don'ts of Sell-Side Due Diligence**

**Why Hire an Investment Banker When Selling Your Company**

**Transaction Options: Minority vs. Majority vs. Full Sale**

Michael Lyon  
VISTA POINT ADVISORS

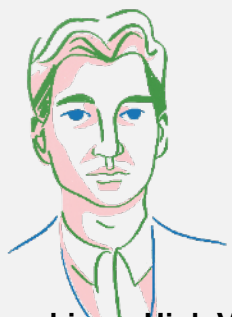
## Sell-Side Stories

[Browse All Founder Stories](#)



### Keeping Buyers Competitive Through Non-Exclusive Diligence

By: Jonathan Pototschnik  
Co-Founder, Service Autopilot



### Reaching a High Valuation Through Strategic Positioning

By: Jake Harrington  
Founder, On-Site

# The Path To Exit

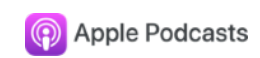
A VISTA POINT ADVISORS PODCAST

Learn what every technology founder needs to know as they grow their business towards an eventual M&A transaction.

In this podcast, Mike Lyon from Vista Point Advisors chats with tech founders and the VPA team to address questions like: - What is the process for selling a software or internet business? - What drives the valuation of a SaaS business? - What are my different transactions options? - And more.



Listen On:



# VISTA POINT ADVISORS

Software & Internet M&A Advisory

Founder-Led Focus

Unconflicted Advice

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