

VISTA POINT ADVISORS

Government Technology Market Update

Q2 2025

I. Executive Summary

Executive Summary

Sector Overview

- As of 2025, the Global Government Technology sector (“GovTech”) amounted to \$660b and is projected to reach \$1.0t by 2030, growing at a CAGR of 8.9%.
- Q2 2025 marked a strong quarter, with YTD deal value surpassing 2023. Stable funding, modernization demand, and rising focus on cybersecurity, cloud and AI continue to drive investor interest and private equity activity.
- Looking ahead to 2025, GovTech remains early in its digital transformation. Cloud adoption, efficiency mandates, and rising citizen expectations are likely to drive continued demand for scalable technology solutions.

Q2 2025 Report Themes



GovTech is shifting from pilots to large-scale adoption, led by cloud, AI, and cybersecurity upgrades.



State and local GovTech spending is set to exceed \$154B in 2025, led by city and county governments.



Zero Trust, AI, and automation are driving secure, transparent, and user-friendly services.

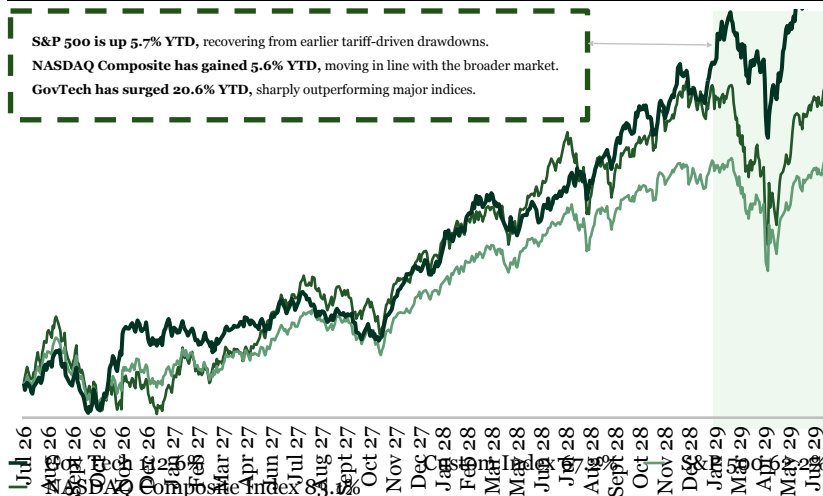


GovTech leaders see strong private-sector engagement as critical for innovation, especially in AI and cybersecurity.

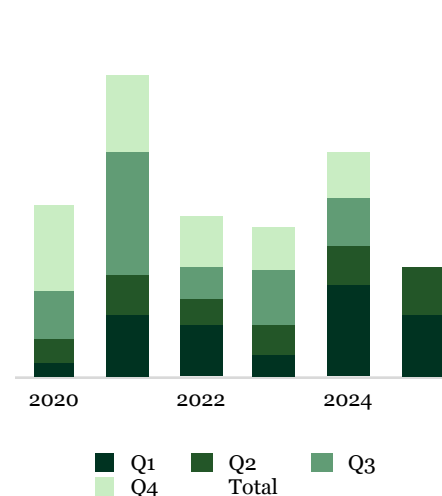


Upskilling, usage strategy, and building public trust are key to successful AI adoption.

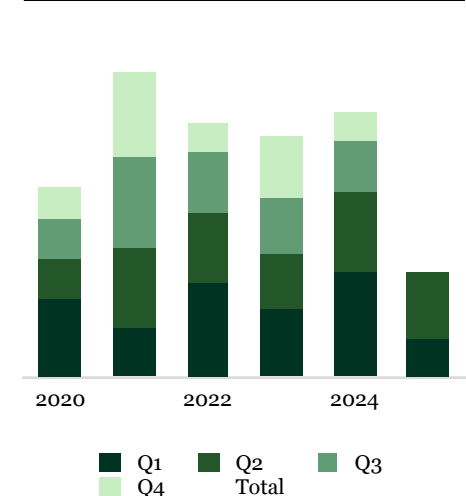
GovTech Companies Performance*



M&A Transactions



Private Funding Transactions

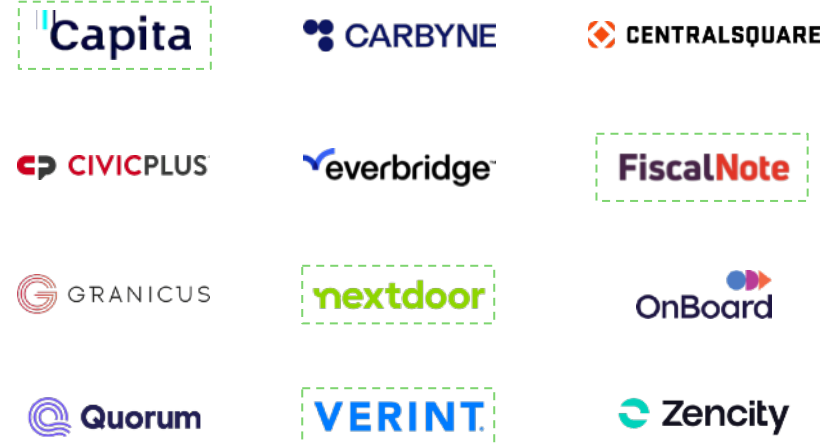


Select Key Players in Government Technology

Data and Record Systems



Engagement and Communications



Operations, Admin, Finance

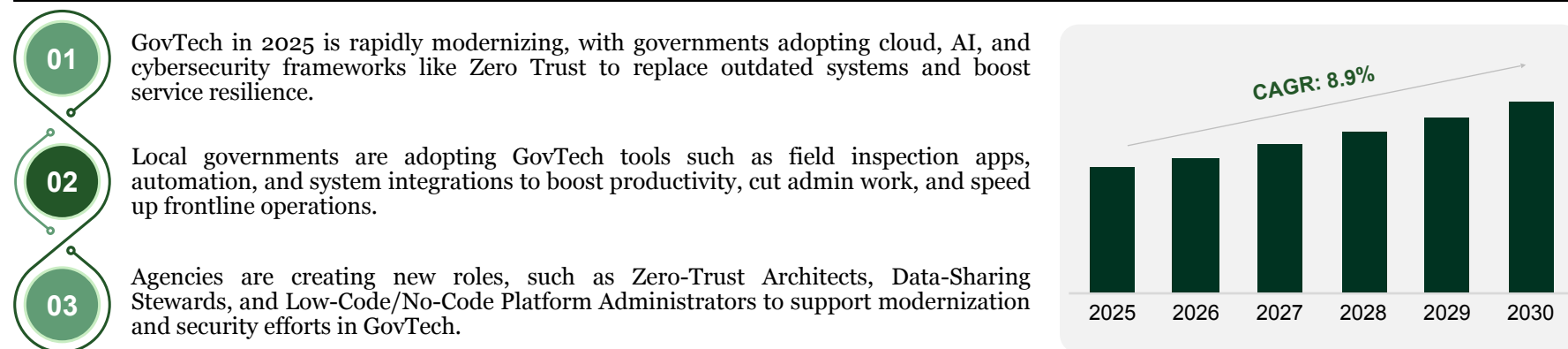


Vertical GovTech

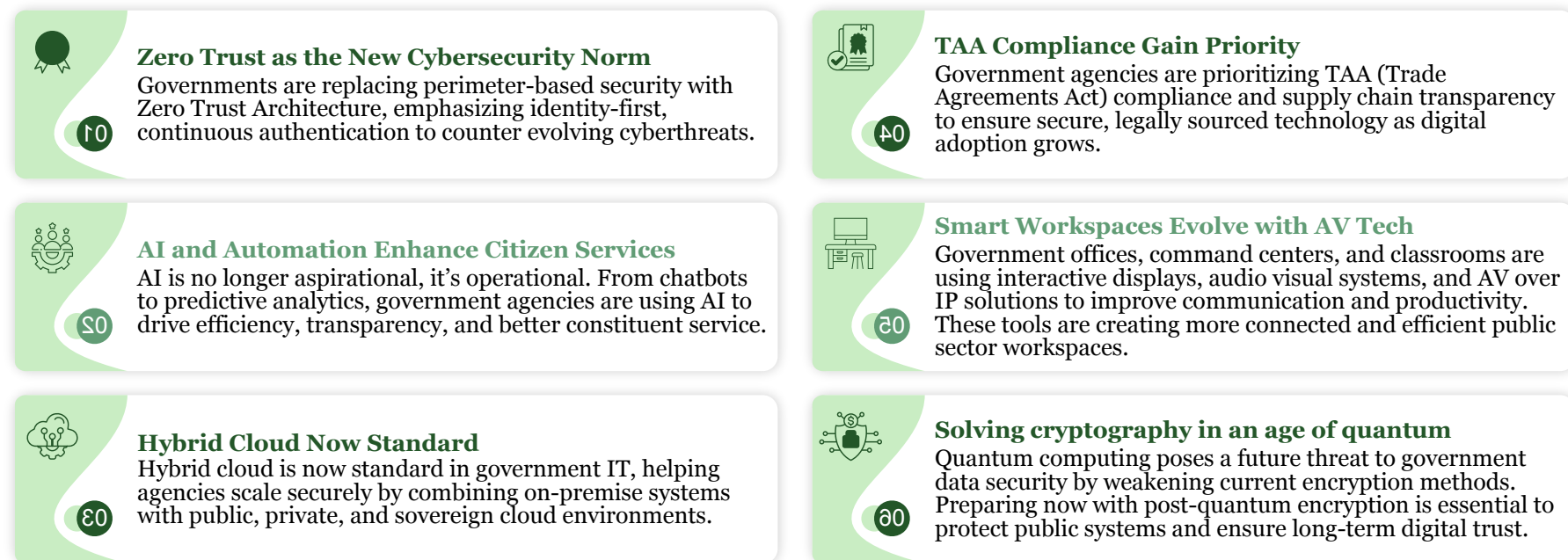


Industry Trends and Outlook (1/2)

Global Government Technology Market Size (\$b)

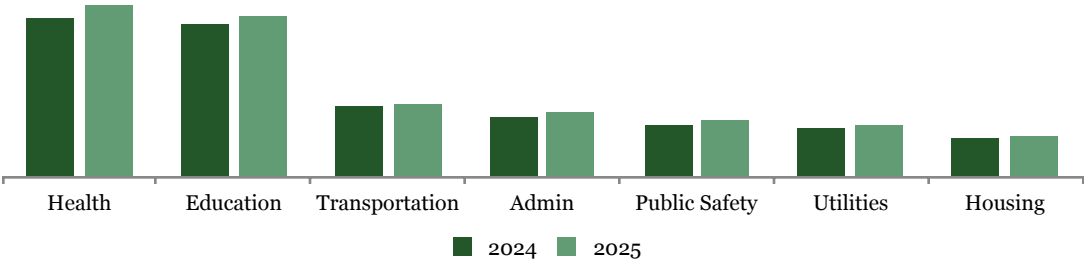


2025 Outlook Trends



Industry Trends and Outlook (2/2)

Projected Government Tech Spending (\$b)

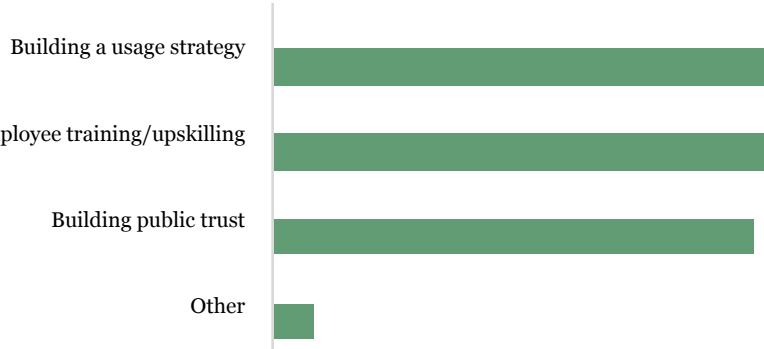


- Spending is expected to rise across all verticals in 2025, with the most rapid growth projected in administration and public safety.
- Total state and local government IT spending is forecasted to exceed \$154 billion, reflecting a 6.4% increase over 2024. Of this, approximately \$78 billion is projected to come from states, while \$75 billion is expected to be driven by city and county governments.

GovTech Adoption Accelerates in 2025



AI Implementation Priorities in 2025



- 01** Government IT leaders are prioritizing employee training and clear implementation strategies, with nearly half emphasizing both as essential for maximizing AI's effectiveness.
- 02** Almost as many agencies are focused on increasing transparency and trust in how AI is used reflecting the public sector's need for responsible, explainable AI adoption.

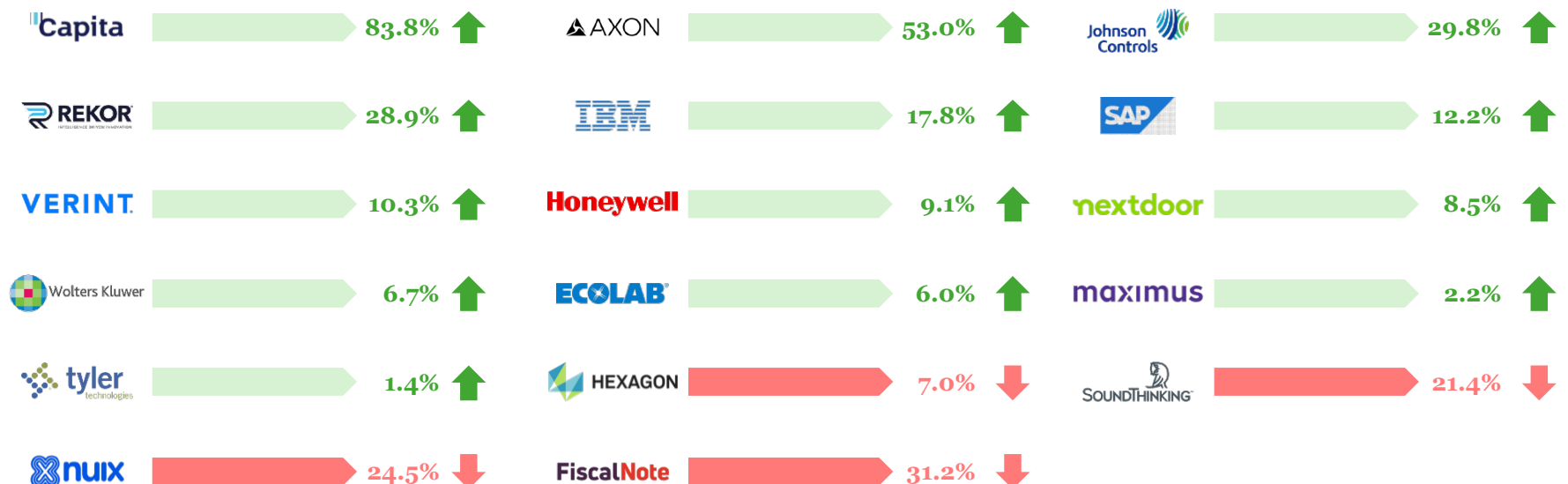
III. Capital Markets & Public Trading Data

Public Companies Performance (1/3)

Select Government Technology Public Companies Constituting the Public Index



Q2 25 Government Technology Companies Performance

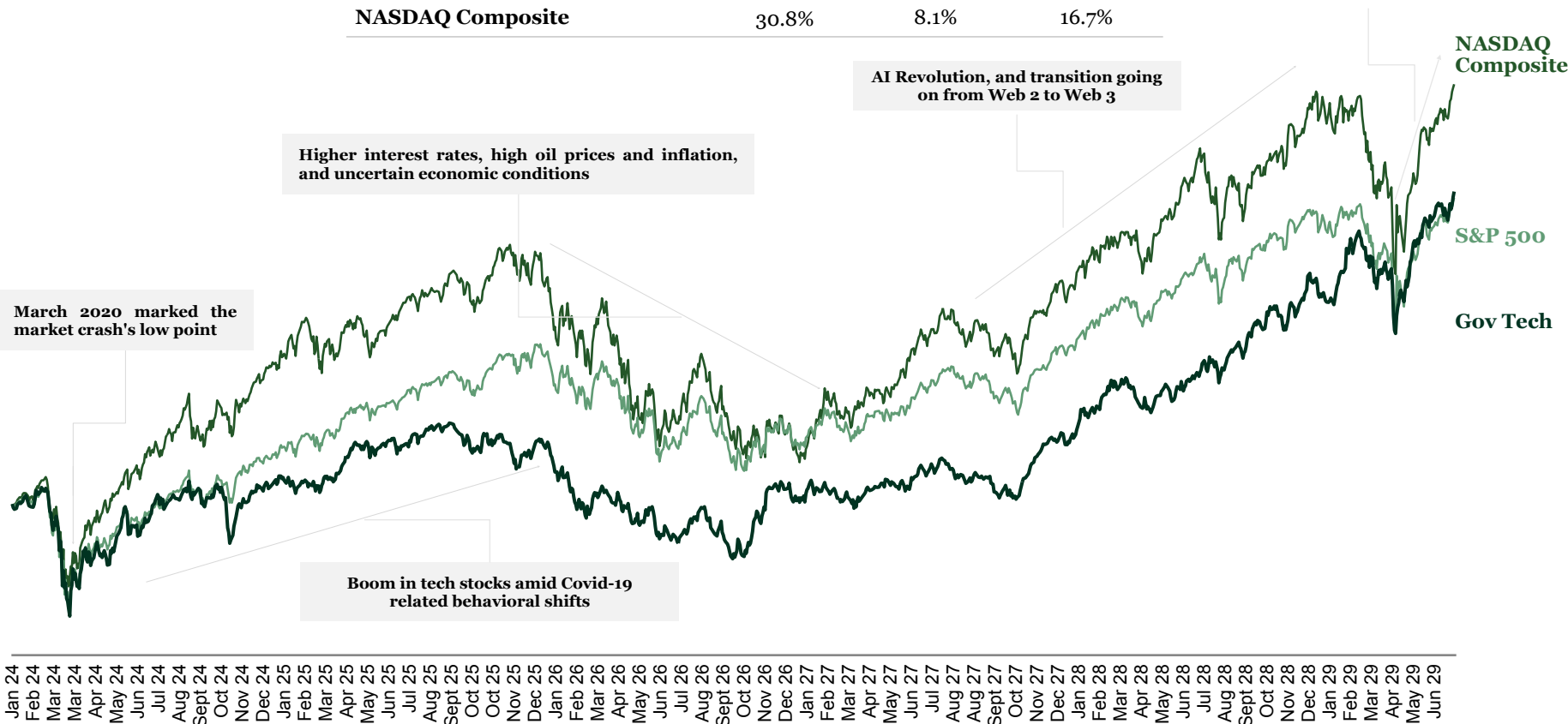


Public Companies Performance (2/3)

The Gov Tech sector saw a modest recovery in Q2 2025, aided by stable macro conditions, renewed digitization efforts, and a rebound in tech valuations. While it lagged the NASDAQ, easing inflation and rising interest in AI-driven public infrastructure supported cautious investor optimism.

Index Growth	CY 24	Q2 24	Q2 25
GovTech	34.2%	1.6%	13.9%
S&P 500	24.0%	4.1%	10.2%
NASDAQ Composite	30.8%	8.1%	16.7%

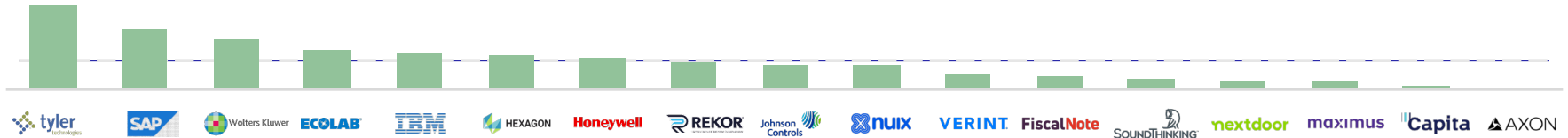
Q2 saw a dramatic rebound after April's tariff-driven sell-off.



Public Companies Performance (3/3)

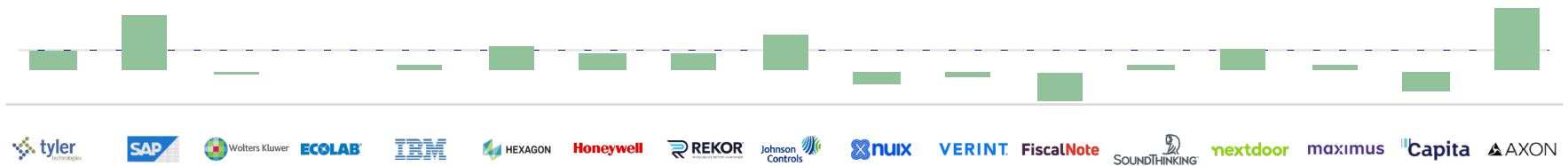
EV/Revenue (LTM)

Median: 3.5x



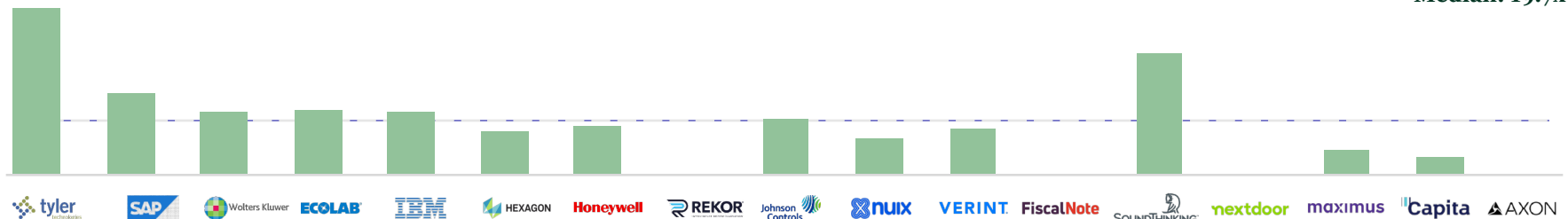
Revenue Growth (LTM)

Median: 2.8%



EV/EBITDA (LTM)

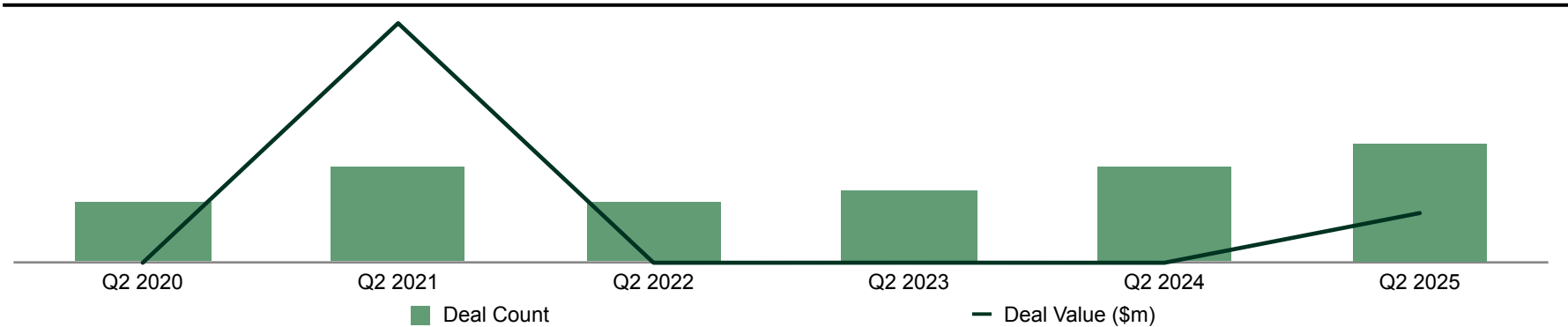
Median: 19.7x



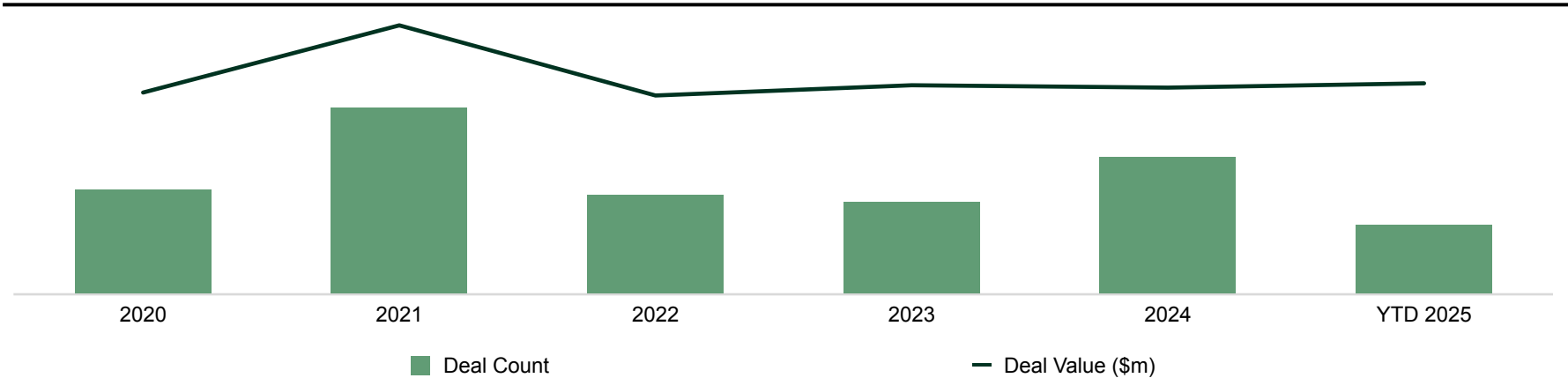
Government Technology M&A Activity (1/4)

GovTech M&A activity has picked up in 2025, the strongest quarter since the 2021 peak. YTD deal value has already surpassed 2023 levels, reflecting renewed investor confidence. GovTech continues to benefit from stable funding and non-discretionary demand, driven by system modernization and mission-critical public-sector needs. These strong fundamentals are keeping valuations steady and fueling ongoing deal activity.

Historical Q2 M&A Summary


























Annual M&A Summary



Government Technology M&A Activity (2/4)

Most Active Buyout Investors

Active Investors from Q1 2019 – Q2 2025							
Company Name	Investor Type	# of New Investments	Notable Investments				
	PE/Buyout	6					
	Strategic	6					
	PE/Buyout	6					
	Growth/Expansion	5					
	PE/Buyout	5					
	Growth/Expansion	5					
	Strategic	4					
	PE/Buyout	4					
	PE/Buyout	3					

Government Technology M&A Activity (3/4)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
24-Jun			Data & Record Systems	Undisclosed	Undisclosed	■ Provider of human capital management software services intended to serve state and federal governments.
13-Jun			Data & Record Systems	\$m	Undisclosed	■ Provider of municipal software solutions to local governments.
5-Jun			Vertical GovTech	Undisclosed	Undisclosed	■ Provider of video surveillance and network security solutions for the public sector.
2-Jun			Vertical GovTech	Undisclosed	Undisclosed	■ Provides cybersecurity and resilient connectivity solutions for governments, critical infrastructure, and enterprises.
9-May			Vertical GovTech	Undisclosed	Undisclosed	■ Developer of advanced software and cloud solutions to enhance operational effectiveness for government agencies and large enterprises.
5-May			Operations, Admin, Finance	Undisclosed	Undisclosed	■ Provider of lending and financial assistance programs intended to cater to the public sector needs.
1-May			Vertical GovTech	\$4,100m	4.1x	■ Developer of advanced systems and services for national security, supporting missions in defense, space, cyber, and training.

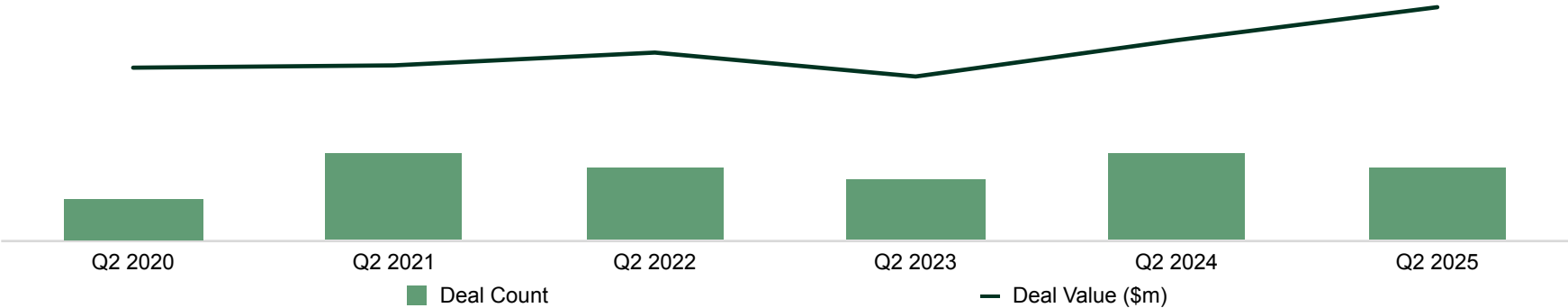
Government Technology M&A Activity (4/4)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
30-Apr	 OVISION GOVERNMENT SOLUTIONS	  WEATHERFORD CAPITAL	Operations, Admin, Finance	Undisclosed	Undisclosed	■ Developer of property tax appraisal software intended for government organizations.
29-Apr	 NPDESPro	 SWIFT COMPLY	Vertical GovTech	Undisclosed	Undisclosed	■ Developer of stormwater management software focused on creating tools to affect stormwater quality across the nation.
15-Apr	 myGov	 tyler technologies	Operations, Admin, Finance	Undisclosed	Undisclosed	■ Developer of an IDD practice management platform for service providers, government agencies, MCOs, and the IDD community.
Median				\$2054m	4.1x	

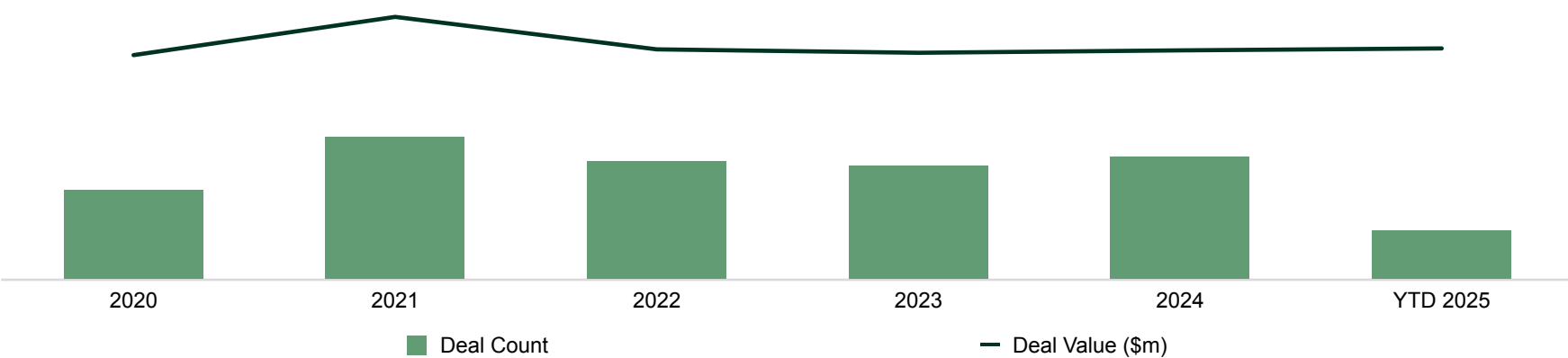
Government Technology Investment Activity (1/4)

GovTech investment remained strong in Q2 2025, with deal value hitting its highest quarterly total in recent years. Amid ongoing market uncertainty, the sector’s stability and role in advancing digital transformation continue to attract private equity interest. Increased government emphasis on cybersecurity, cloud adoption, and citizen-centric services is driving demand for scalable, mission-critical platforms. GovTech’s alignment with ESG priorities and adoption of AI and automation further reinforce its position as a resilient and values-driven investment category.

Historical Q2 Financing Summary













































Annual Financing Summary

















Government Technology Investment Activity (2/4)











Most Active Minority Investors

Active Investors from Q1 2019 – Q2 2025							
Company Name	Investor Type	# of New Investments	Notable Investments				
	Venture Capital	6					
	Venture Capital	6					
	Venture Capital	6					
	Venture Capital	5					
	Venture Capital	5					
	Venture Capital	4					
	Venture Capital	4					
	Venture Capital	3					
	Venture Capital	3					

Government Technology Investment Activity (3/4)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
17-Jun			Vertical GovTech	\$1m	Undisclosed	<ul style="list-style-type: none"> Developer of SaaS-based statutory and regulatory tools designed to reduce compliance burdens, ensure legal adherence, and expand participation in the regulatory process.
9-Jun		GENERAL  CATALYST	Engagement & Communications	\$19m	Undisclosed	<ul style="list-style-type: none"> Developer of constituent relationship management software designed for local governments to manage interactions with constituents.
8-Jun			Vertical GovTech	\$100m	Undisclosed	<ul style="list-style-type: none"> Developer of a real-time emergency communication platform designed to provide public safety technology for emergency infrastructure.
30-May		GENERAL  CATALYST	Vertical GovTech	\$80m	Undisclosed	<ul style="list-style-type: none"> Developer of an AI-powered platform designed to enhance emergency response by streamlining call-taking, dispatch, and quality assurance.
21-May		  	Engagement & Communications	\$14m	Undisclosed	<ul style="list-style-type: none"> Developer of an AI-based technology platform designed to assist law enforcement, 911 emergency communications centers and fire/EMS agencies.
13-May			Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an enterprise AI memory platform designed to accelerate generative and agentic AI adoption across enterprises and the Federal Government.
1-May			Engagement & Communications	\$13m	Undisclosed	<ul style="list-style-type: none"> Developer of a mobile technology platform designed to provide mission-driven mobile software for the defense and public safety industry.

Government Technology Investment Activity (4/4)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
30-Apr	 CIVIC	 Venture Lab UNIVERSITY OF PENNSYLVANIA	Engagement & Communications	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of an Artificial intelligence-native automation tool designed for government communications, workflows, and data.
8-Apr	 authorium	 SJF VENTURES	Data & Record Systems	\$20m	Undisclosed	<ul style="list-style-type: none"> Operator of a document process automation platform designed to accelerate procurement, contracts, grants, and budgeting processes.
8-Apr	 deckard technologies	 EQUITY VENTURE PARTNERS	Operations, Admin, Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an analytical reporting platform designed to identify and monitor short-term rentals (STRs) enabling local governments to capture more tax revenue and improve compliance rates.
7-Apr	 TadHealth	 HALCYON VENTURE PARTNERS	Data & Record Systems	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of a real-time mental health care management platform designed to support government, public education institutions, and community organizations.
1-Apr	 Tranquility	 NewFrontier	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an artificial intelligence platform designed to analyze complex information and automate tasks across different fields.

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

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

- Software and Internet domain expertise

VPA Key Metrics

126

TRANSACTIONS

22

INVESTMENT BANKERS

27%

CROSS BORDER DEALS

\$25 – \$500M

TRANSACTION SIZE RANGE

\$9.0Bn

TOTAL ENTERPRISE VALUE

14+ Years

SENIOR BANKER TENURE

100%

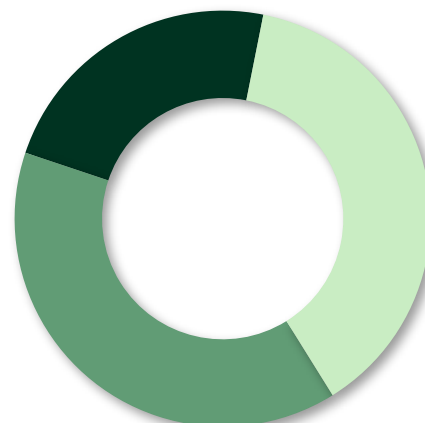
SELL-SIDE TRANSACTIONS

1,600+

LOIs RECEIVED

900+

BUYER RELATIONSHIPS



Leading Advisor to Middle Market SaaS Companies

In the past 4 years, here are our results:

49

CLOSED TRANSACTIONS

\$4.1B

ENTERPRISE VALUE

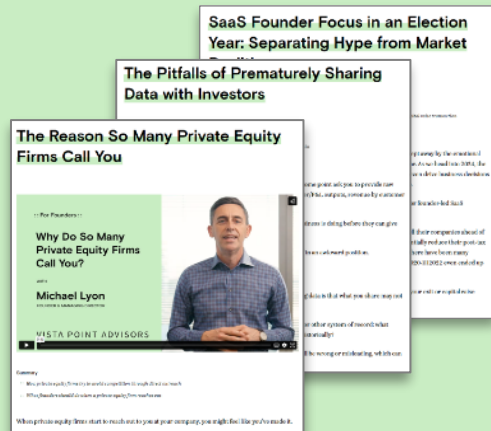
8.8x

AVG. ARR MULTIPLE

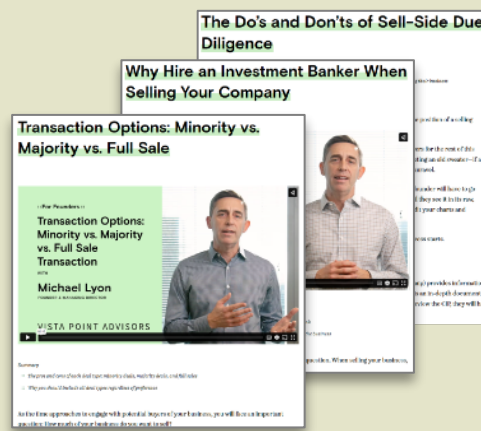
Undisclosed investment from Undisclosed Ed Tech	goHappy investment from Pamlico CAPITAL	Waitwhile acquired by ALLEGION	Undisclosed investment from Undisclosed FSM Software	Tippy acquired by Millennium	atr smart acquired by AKLINE HOLDINGS	Travel Insurance acquired by ISC
Quimbee acquired by barbri	together acquired by absorb	element451 investment from PSG PROVIDENCE STRATEGIC GROWTH	courseloop acquired by technologyone	Bulbshare acquired by service management group	ROOFLINK acquired by SalesRabbit	rater8 investment from ELSEWHERE PARTNERS
Channel Mechanics acquired by Allbound	RECORD 360 acquired by Point-Rental	TimeToPet acquired by DaySmart	kantola acquired by TRALiant	SUMOQUOTE acquired by JobNimbus	POSTERElite investment from NORWEST VENTURE PARTNERS	holistiplan investment from LEADEDGE CAPITAL
VERSATILE CREDIT investment from PSG PROVIDENCE STRATEGIC GROWTH	CLEAR LAW INSTITUTE acquired by TRALiant	Undisclosed investment from PSG	Arborgold investment from Mainsail Partners	KEY2ACT acquired by volaris	FormSwift acquired by Dropbox	HuntStand acquired by GSM OUTDOORS
imagequix acquired by Charlesbank	SmartMoving investment from Mainsail Partners	TRAVELNET SOLUTIONS investment from ELLIE STAR INNOVATION PARTNERS	mni investment from TENZING	suralink investment from LUMINATE	HOTEL EFFECTIVENESS acquired by actabl	ListReports acquired by MBS Highway
Printfection acquired by CUSTOM INK	swyftfilings investment from GREYLION	Leap investment from NEXA EQUITY	YOGA INTERNATIONAL acquired by gaia	HATCH acquired by PRICESPIDER	ContentKeeper acquired by impero	eleven acquired by VENCAPITAL

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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



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