

VISTA POINT ADVISORS

Government Technology Market Update

Q3 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%.

Q3 2025 was a strong quarter for GovTech, with M&A and financing activity gaining momentum. Year-to-date deal value exceeded 2024 totals, driven by investor confidence and demand for mission-critical public-sector solutions. Ongoing modernization across AI, cybersecurity, and public safety continues to fuel the sector's growth and resilience.

Looking ahead to 2025, GovTech remains in its digital transformation. Cloud adoption, efficiency mandates, and rising citizen expectations are likely to drive continued demand for scalable technology solutions.

Q3 2025 Report Themes



Governments are adopting Zero Trust Architecture with identity-first, continuous authentication to strengthen cybersecurity.



AI and automation are being used to improve efficiency, transparency, and citizen service delivery.



Data interoperability is driving collaboration and faster digital transformation across government agencies.

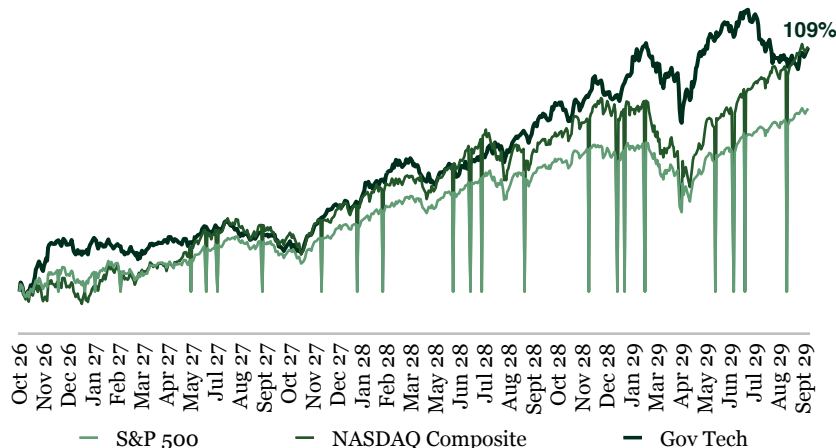


Public safety teams are modernizing with data-driven platforms and next-generation technologies.

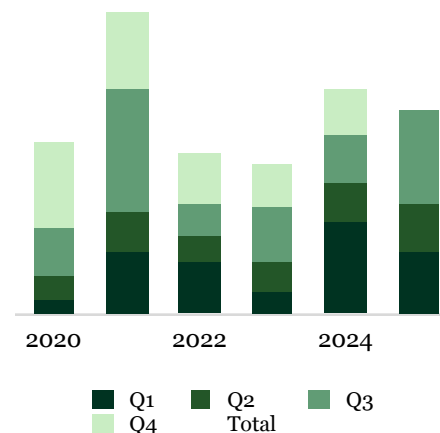


States are increasingly outsourcing cybersecurity operations amid talent shortages, while recovery costs from ransomware continue to rise.

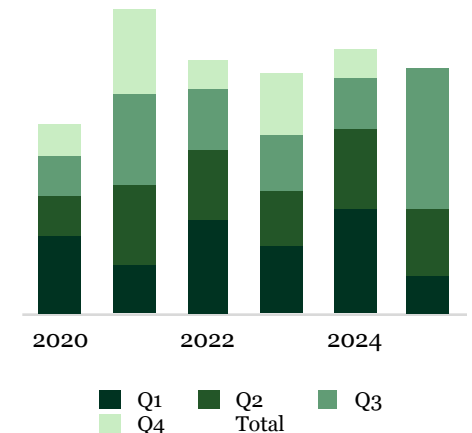
GovTech Companies Performance*



M&A Transactions



Private Funding Transactions

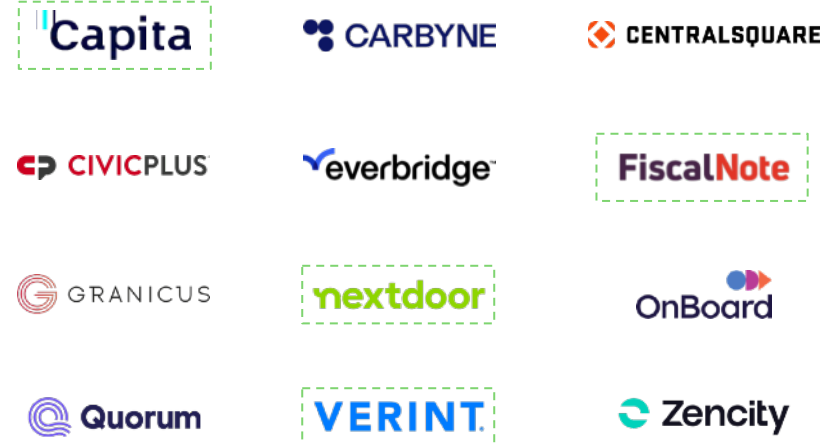


Select Key Players in Government Technology

Data and Record Systems



Engagement and Communications



Operations, Admin, Finance



Vertical GovTech



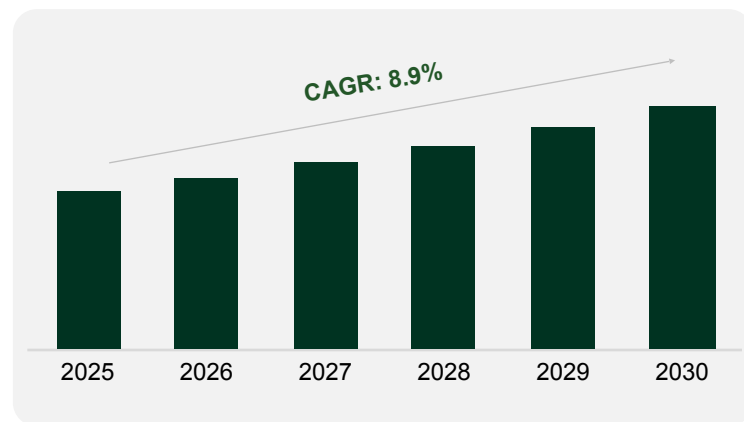
Industry Trends and Outlook (1/2)

Global Government Technology Market Size (\$b)

1 In 2025, governments are prioritizing IAM (Identity and Access Management) to strengthen cybersecurity, safeguard sensitive data, ensure regulatory compliance, and enable secure access across expanding digital ecosystems.

2 The World Economic Forum reports that government technology could unlock nearly \$10 trillion in public value by 2034, driven by efficiency, transparency, and sustainability through global collaboration and digital modernization.

3 The New York Times reports that the U.S. faces fiscal challenges from rising costs, revenue shortfalls, and growing healthcare expenses, calling for comprehensive reforms to secure long-term economic stability.



2025 Outlook Trends



Zero Trust as the New Cybersecurity Norm

Governments are replacing perimeter-based security with Zero Trust Architecture, emphasizing identity-first, continuous authentication to counter evolving cyberthreats.



AI and Automation Enhance Citizen Services

AI is no longer aspirational, it's operational. From chatbots to predictive analytics, government agencies are using AI to drive efficiency, transparency, and better constituent service.



Interoperability and Collaboration

As data silos break down and decision-makers rely more on data, new opportunities for collaboration and interoperability emerge, driving faster digital transformation across governments.



Public Safety Modernization

Public safety teams, including Emergency Medical Services (EMS), Fire, and Law Enforcement, are modernizing operations with next-generation, data-driven platforms to replace outdated processes and meet evolving demands.



Federal Funding Uncertainty

Government offices, command centers, and classrooms are using interactive displays, audio visual systems, and AV over IP solutions to improve communication and productivity. These tools are creating more connected and efficient public sector workspaces.

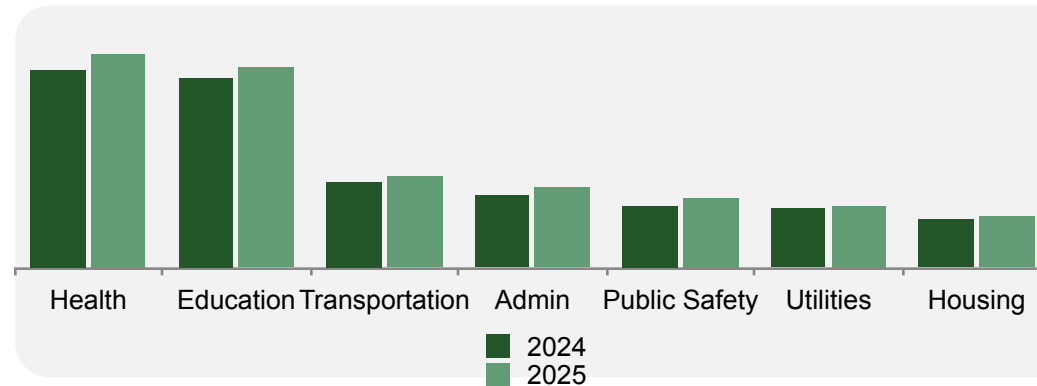


Solving cryptography in an age of quantum

Quantum computing poses a future threat to government data security by weakening current encryption methods. Preparing now with post-quantum encryption is essential to protect public systems and ensure long-term digital trust.

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.

Growing threats drive state and local outsourcing

98%

of States rely on CISOs for security management and operations and to drive governance, strategy, and risk management.

52%

of states and local governments outsource cybersecurity operations.

- State and local IT departments often face challenges in retaining skilled cybersecurity and IT professionals, prompting many to outsource their security operations to Managed Service Providers (MSPs) to handle growing external threats.
- While federal agencies typically allocate over 10% of their IT budgets to cybersecurity, most states have yet to match this level of investment.
- In 2024, the average recovery cost from ransomware attacks for state and local governments reached \$2.8 million, more than double the \$1.2 million reported in 2023.

Government's Accelerating Investment in the Cloud

50%

of government IT leaders are implementing cloud migration strategies to boost efficiency.

10%

growth in SaaS subscriptions is being recorded by city, county, and town cloud vendors.

\$500B

in federal funding is supporting cloud technology and digital infrastructure modernization.

\$1B

in grants awarded to state and local governments, matched by \$300M in private capital.

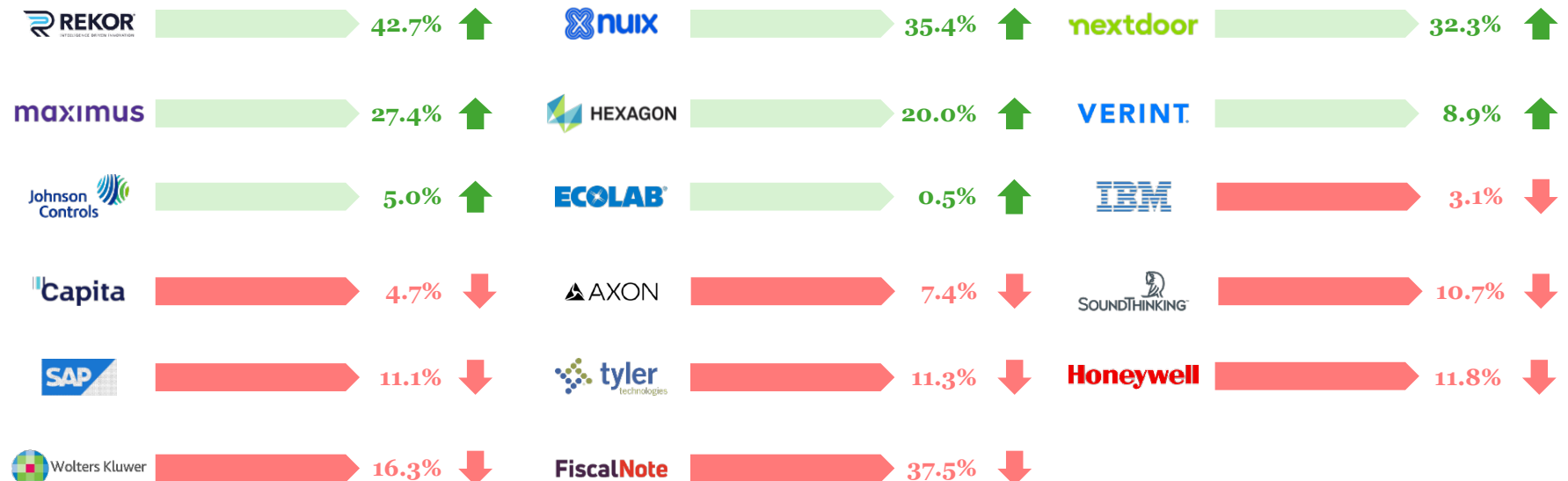
III. Capital Markets & Public Trading Data

Public Companies Performance (1/3)

Select Government Technology Public Companies Constituting the Public Index



Q3 25 Government Technology Companies Performance

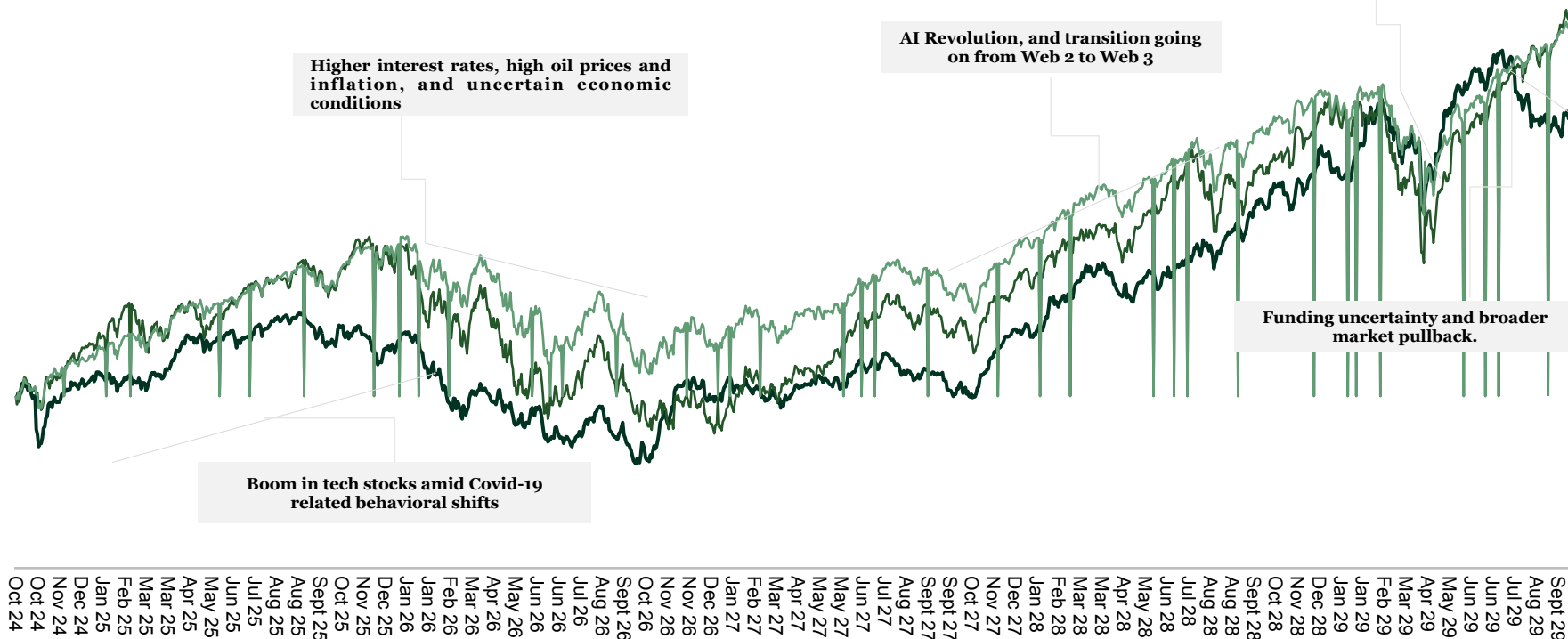


Public Companies Performance (2/3)

The GovTech sector declined in Q3 2025, underperforming broader equity markets. The pullback reflected broader market rotation, funding uncertainty, and slower government spending, though long-term demand for digital modernization and AI-driven infrastructure remains a supportive structural driver for the sector.

Index Growth	CY 24	Q3 24	Q3 25
GovTech	34.2%	12.6%	(6.5)%
S&P 500	24.0%	5.1%	7.9%
NASDAQ Composite	30.8%	1.7%	12.2%

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

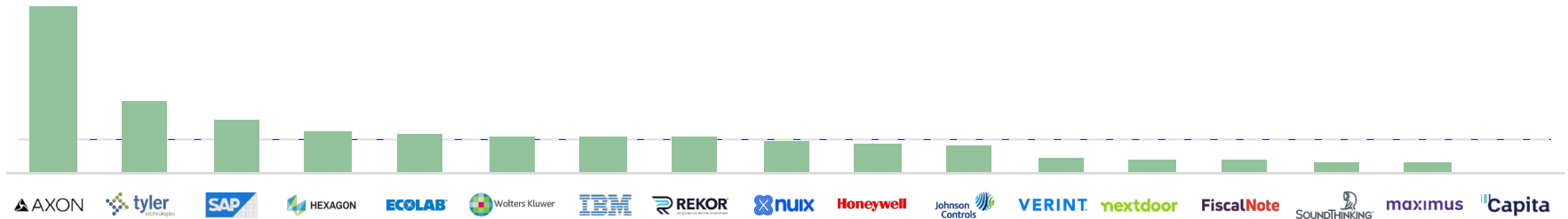


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Public Companies Performance (3/3)

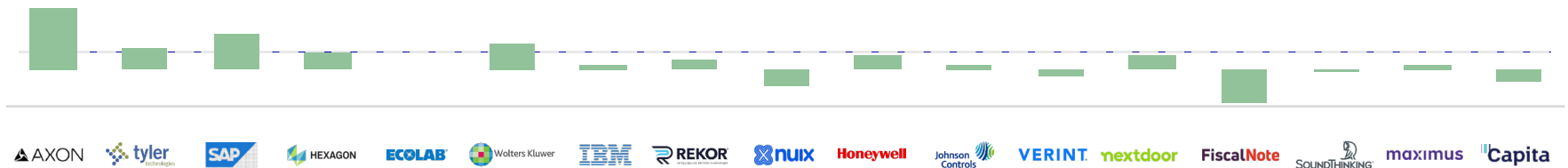
EV/Revenue (LTM)

Median: 4.3x



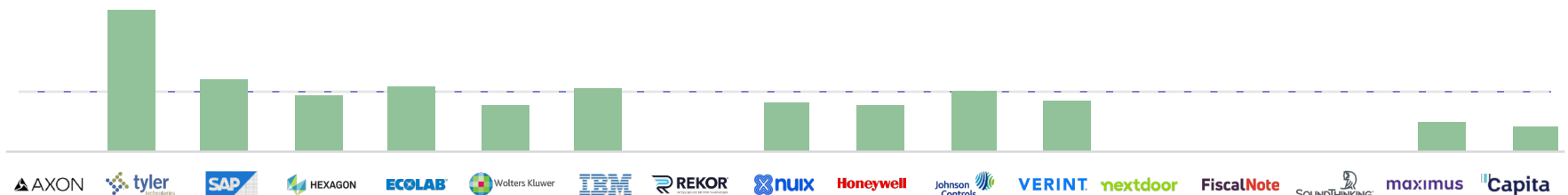
Revenue Growth (LTM)

Median: 2.3%



EV/EBITDA (LTM)

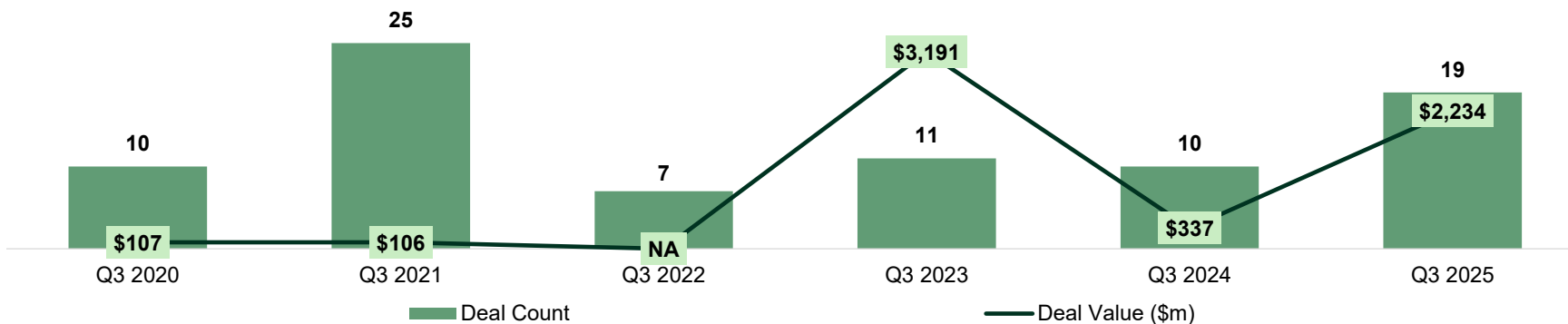
Median: 18.6x



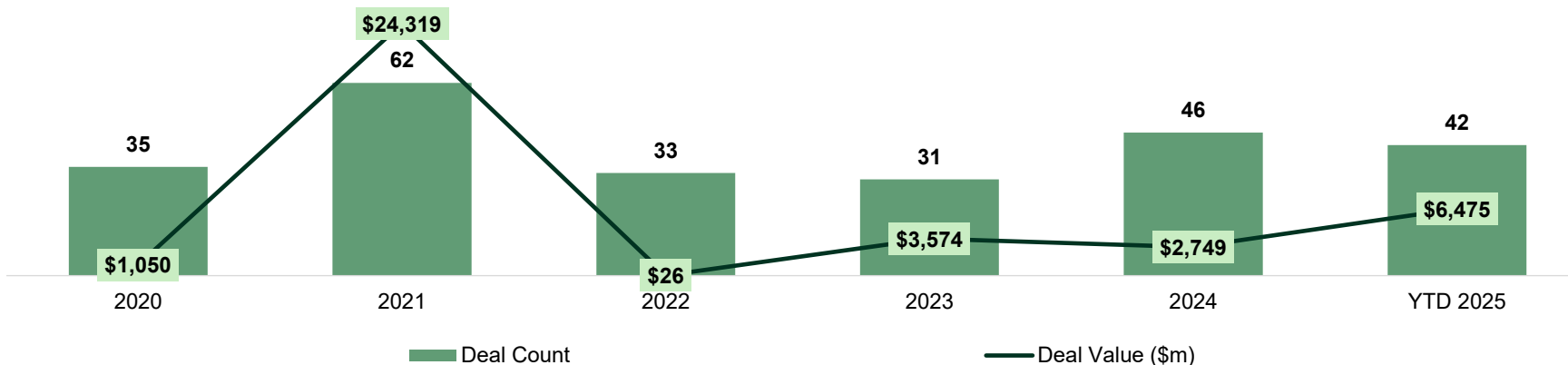
Government Technology M&A Activity (1/5)

GovTech M&A activity accelerated in Q3 2025, the strongest since the 2021 peak, reflecting investor confidence and sustained demand for mission-critical public-sector solutions. Governments continue to drive modernization through digital transformation, zero-trust cybersecurity, next-gen public safety, and AI, supporting stable valuations and active deal flow.

Historical Q3 M&A Summary




































Annual M&A Summary



Government Technology M&A Activity (2/5)









Most Active Buyout Investors

Active Investors from Q1 2019 – Q3 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 (3/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
22-Sep	 INNOVA ZONES	RECUR	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of asset and compliance management software for government, public safety, and utilities.
15-Sep	 G Squared Capital Partners	PIPER SANDLER	Operations, Admin, Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of M&A advisory services for defense, government, and federally aligned businesses.
9-Sep	 WSI TECH HOLD CO	 VALSOFT	Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of digital evidence and recording management solutions for public safety and government agencies.
3-Sep	 SOLDIERPOINT — DIGITAL HEALTH —	 GovCIO	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of digital health and telemedicine solutions for government and veteran healthcare systems.
2-Sep	 coUrbanize	GRAVITY	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of community engagement software enabling municipalities to improve citizen communication and project transparency.
25-Aug	 VERINT	 THOMABRAVO	Vertical GovTech	\$2.23bn	2.3x	<ul style="list-style-type: none"> Developer of AI-powered govtech solutions enhancing citizen services, workflow automation, and government operations.
20-Aug	 Innovative Systems	GTCR	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of enterprise operations and billing software for municipalities, utilities, and public service providers.

Government Technology M&A Activity (4/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
18-Aug			Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of advanced cyber research and vulnerability analysis solutions for defense and intelligence agencies.
13-Aug			Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Develops transaction and compliance software for state and local governments to streamline property, licensing, and tax interactions.
12-Aug			Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provides mobile-based data research for global health, security, and humanitarian programs, enabling real-time visibility in remote regions.
6-Aug			Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Develops compliance-focused asset and maintenance management software for healthcare, education, and government sectors to enhance operations.
5-Aug			Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> PSTrax centralizes tracking of vehicles, equipment, supplies, and more to ensure compliance and efficiency, offering customized, turnkey solutions for over 1,350 agencies worldwide.
1-Aug			Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Builds AI-based software to optimize law enforcement paperwork, reducing time on administrative tasks.
30-Jul			Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Creates drone software for public safety and infrastructure operations, offering real-time situational awareness and compliance tools.

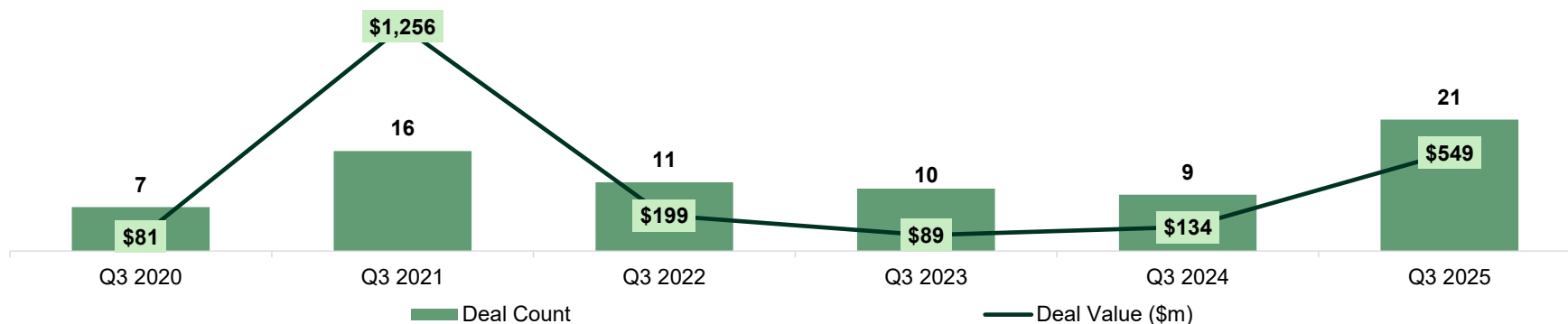
Government Technology M&A Activity (5/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
28-Jul			Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Develops workforce management SaaS for public sector and higher education, automating hiring, onboarding, and evaluations.
24-Jul			Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provides IT and cybersecurity services for government and defense sectors, supporting enterprise operations and mission success.
23-Jul			Operations, Admin, Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Operates a consulting firm helping startups with digital transformation, product development, and public sector strategy execution.
9-Jul			Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Develops parking and public safety management software offering permit tracking, records management, and mobile services for municipalities and campuses.
9-Jul			Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Builds accounting software to manage government employee relocation expenses, automating IRS and federal compliance processes.
1-Jul			Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provides threat detection and cybersecurity services that unify enterprise and government digital footprints into a single analytics-driven security platform.

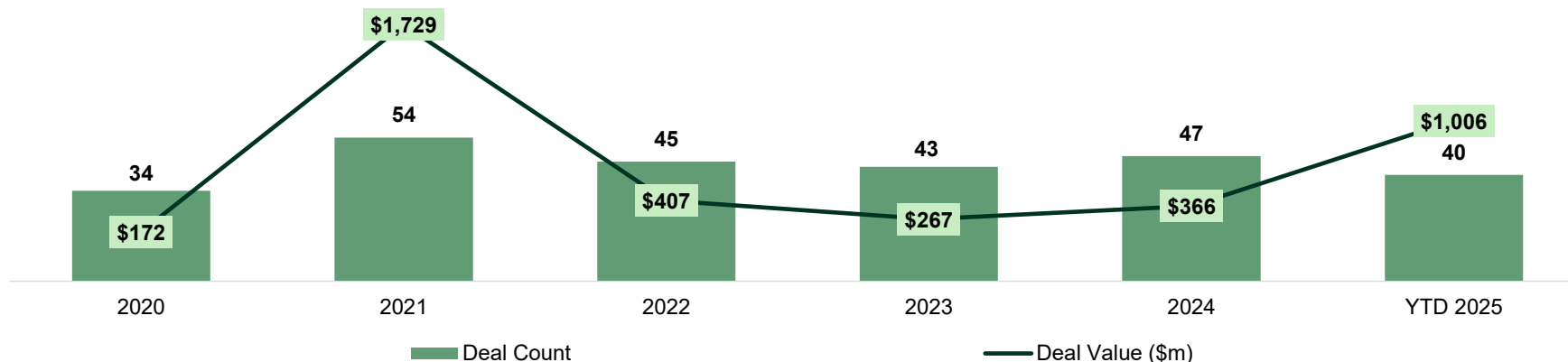
Government Technology Investment Activity (1/6)

GovTech investment stayed elevated in Q3 2025, with both deal count and transaction value comfortably surpassing Q3 2024. With public-sector digital modernization continuing apace, investors remain drawn to resilient, mission-critical platforms. Ongoing government focus on cybersecurity, cloud migration, citizen-centric services and further adoption of AI/automation is accelerating demand for scalable GovTech solutions.

Historical Q3 Financing Summary













































Annual Financing Summary




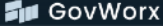















Government Technology Investment Activity (2/6)








Most Active Minority Investors

Active Investors from Q1 2019 – Q3 2025							
Company Name	Investor Type	# of New Investments	Notable Investments				
	Venture Capital	6					
	Venture Capital	9					
	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 (3/6)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
30-Sep			Vertical GovTech	\$5m	Undisclosed	■ Developer of AI investigation software for efficient law enforcement case analysis.
23-Sep			Operations, Admin & Finance	Undisclosed	Undisclosed	■ Developer of AI marketplace simplifying public sector procurement and contract fulfillment.
18-Sep		  	Vertical GovTech	\$9m	Undisclosed	■ Developer of AI platform improving 911 emergency communication and first responders' performance.
17-Sep			Data & Record Systems	\$21m	Undisclosed	■ Developer of cloud data exchange platform for secure government workflow collaboration.
10-Sep		 	Data & Record Systems	\$30m	Undisclosed	■ Developer of AI tools optimizing government permitting, logistics, and healthcare processes.
10-Sep		 	Operations, Admin & Finance	\$11m	Undisclosed	■ Developer of SaaS compliance tools reducing regulatory burdens and enhancing rulemaking.
08-Sep			Operations, Admin & Finance	<\$1m	Undisclosed	■ Developer of AI marketplace simplifying public sector procurement and contract fulfillment.




Government Technology Investment Activity (4/6)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
05-Sep			Engagement & Communications	\$12m	Undisclosed	■ Developer of cognitive coaching app improving law enforcement focus and decisions.
28-Aug			Data & Record Systems	\$2m	Undisclosed	■ Developer of AI research assistant supporting municipal government information access.
21-Aug			Engagement & Communications	\$93m	Undisclosed	■ Developer of autonomous vehicle tech enhancing transportation and mission-critical operations.
21-Aug			Operations, Admin & Finance	\$230m	Undisclosed	■ Developer of security intelligence platform consolidating threats for proactive risk management.
18-Aug			Vertical GovTech	Undisclosed	Undisclosed	■ Developer of digital washroom review tool improving public hygiene visibility and trust.
01-Aug			Engagement & Communications	\$100m	Undisclosed	■ Developer of real-time encrypted emergency communication platform enhancing call accuracy.
01-Aug			Data & Record Systems	Undisclosed	Undisclosed	■ Developer of GIS platform supporting municipal data transparency and decision-making.

Government Technology Investment Activity (5/6)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
01-Aug	 Civic Vanguard	 VIPIC VIRGINIA INNOVATION PARTNERSHIP CORPORATION	Data & Record Systems	Undisclosed	Undisclosed	■ Developer of GIS platform supporting municipal data transparency and decision-making.
01-Aug	 common sense	 South Park Commons  RIOT	Operations, Admin & Finance	Undisclosed	Undisclosed	■ Developer of AI tech modernizing local government with modular composable systems.
01-Aug	 VeriChem	 Embarc Collective	Vertical GovTech	Undisclosed	Undisclosed	■ Operator of patented technology enhancing forensic detection of synthetic opioids.
24-Jul	 GARAGE	 INFINITY VENTURES	Engagement & Communications	\$14m	Undisclosed	■ Operator of vehicle marketplace simplifying firefighting equipment buying and selling.
16-Jul	 Balcony	 G2 momentum capital	Data & Record Systems	\$6m	Undisclosed	■ Developer of location-aware messaging tech facilitating real-time mission-critical communication.
15-Jul	 Vultron	 GREYCROFT	Operations, Admin & Finance	\$17m	Undisclosed	■ Developer of AI infrastructure streamlining federal proposal development and automation.
01-Jul	 AdComp SYSTEMS	 MasonBridge	Engagement & Communications	Undisclosed	Undisclosed	■ Operator of government ERP platform integrating payments and improving municipal productivity.

Government Technology Investment Activity (6/6)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
01-Jul		 SWIFT VENTURES  The House Fund	Vertical GovTech	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of autonomous AI agents democratizing advanced AI across sensitive data.

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

\$9.2Bn

TOTAL ENTERPRISE VALUE

14+ Years

SENIOR BANKER TENURE

100%

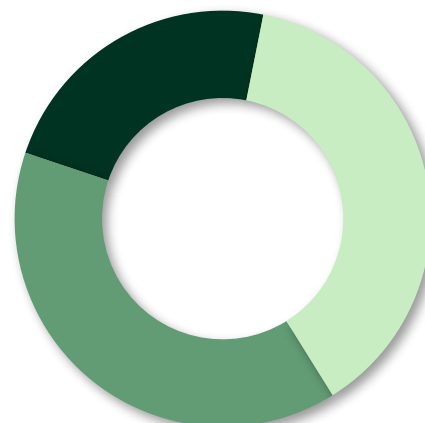
SELL-SIDE TRANSACTIONS

1,600+

LOIs RECEIVED

900+

BUYER RELATIONSHIPS



Leading Advisor to Founder-Led Technology Companies

In the past 4 years, here are our results:

52


































































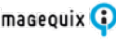







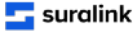







CLOSED TRANSACTIONS

\$4.2B

ENTERPRISE VALUE

9.2x

AVG. ARR MULTIPLE

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For Founders

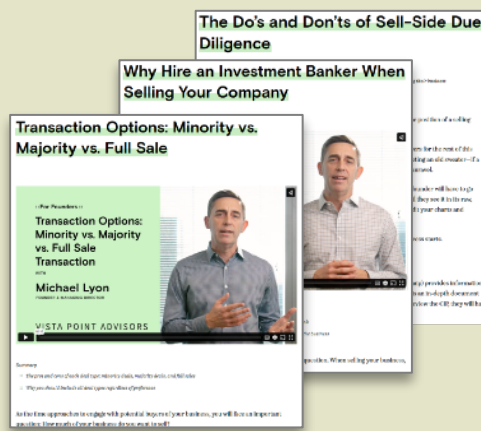
Perspectives

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Insights

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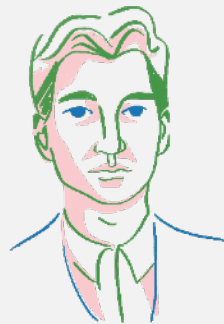
Sell-Side Stories

[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

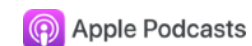
Learn what every technology founder needs to know as they grow their business towards an eventual M&A transaction.

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



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Founder-Led Focus

Unconflicted Advice

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