

MARKET UPDATE

Q4 2025

Government Technology

VISTA POINT ADVISORS



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%.

Q4 2025 GovTech M&A remained strong, with strategic and sponsor-backed acquisitions across public safety, AI, cybersecurity, and municipal platforms. Momentum in mission-critical, compliance-driven assets carried into year-end.

Looking ahead to 2026, U.S. GovTech will move from AI pilots to scaled, mission-driven deployment, supported by hybrid infrastructure and agentic systems.

Q4 2025 Report Themes



Governments are treating AI as sovereign infrastructure, prioritizing jurisdictional control, auditability, and defense-grade vendors.



Security and supply-chain assurance now outweigh features, as CMMC 2.0 and DFARS make compliance mandatory for federal contracts.



Security built around user identity and limited access is key as agencies modernize and face growing AI-related cyber threats.

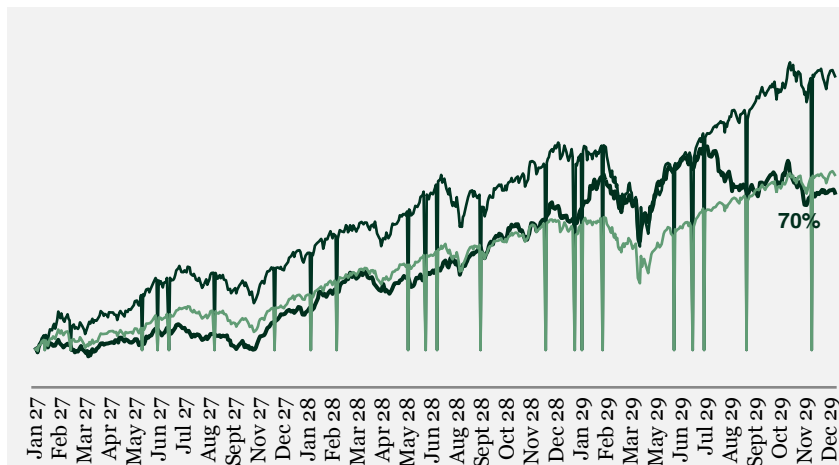


AI risks and global cyber threats are making security a national priority, speeding up adoption of post-quantum encryption.

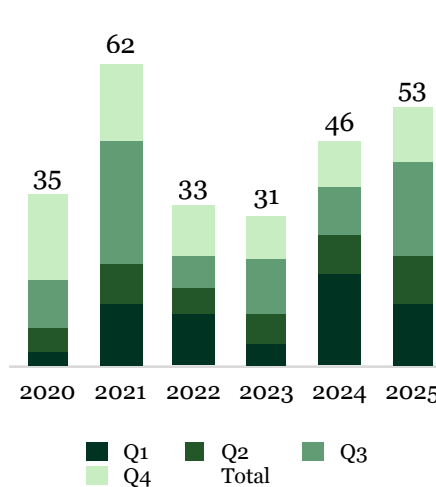


Rising state and local IT spending is driving demand for outsourced security, interoperable data, and resilient cloud infrastructure.

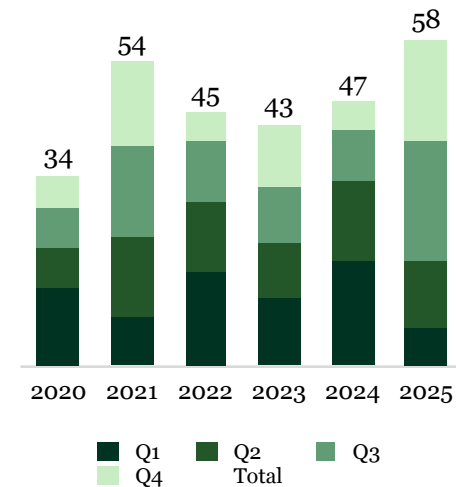
GovTech Companies Performance*



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, Zensity

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

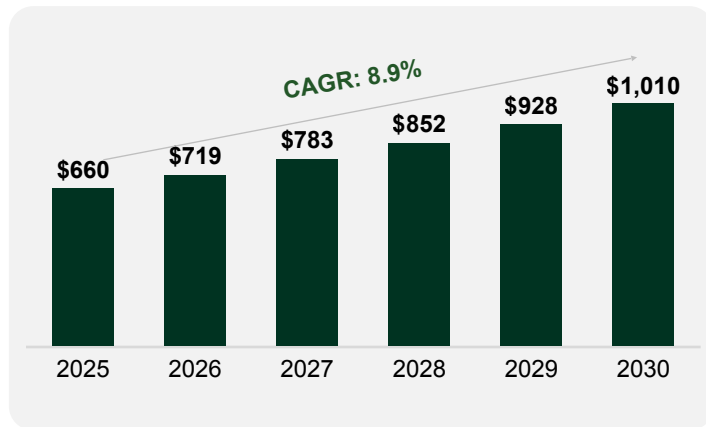
Industry Trends and Outlook (1/2)

Global Government Technology Market Size (\$b)

1 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.

2 Acting Federal Chief Information Security Officer Michael Duffy highlighted three priorities: stronger enterprise cyber defenses, improved operational resilience, and securing a modern government, with emphasis on interagency coordination, incident readiness, and Zero Trust-based modernization.

3 Launched in December 2025, the U.S. Tech Force recruits about 1,000 technologists into federal agencies for two-year assignments to advance AI and IT modernization, combining agency leadership roles with industry training and collaboration.



2025 Outlook Trends



U.S. Federal AI Procurement Will Shift Toward Sovereign-First Models

AI will be treated as national infrastructure, not just software. Federal buying will prioritize model origin, hosting control, and governance transparency. Vendors unable to prove jurisdictional control risk exclusion.



Agentic AI Risk Will Enter the National Security Domain

Autonomous AI creates geopolitical risks beyond cybersecurity. Misuse could trigger diplomatic or economic fallout. Federal systems will require auditability, containment, and strict oversight.



Defense Vendors Gain Civilian Contracts

Rising security demands are shifting federal procurement toward defense-grade vendors. Civilian agencies now prioritize resilience and mission assurance. More major civilian contracts will go to firms with national security credentials.



Security and Governance Will Outweigh Features

Federal tech decisions are shifting from capability to defensibility. Agencies now prioritize AI governance, hosting control, data security, and risk transparency. Compliance and supply-chain assurance are becoming decisive factors.



Zero Trust Will Remain the Cybersecurity Foundation

Zero Trust continues to anchor federal cybersecurity strategy. Identity-first security and least-privilege access help manage expanding threats. Its role becomes more critical as AI increases system complexity.

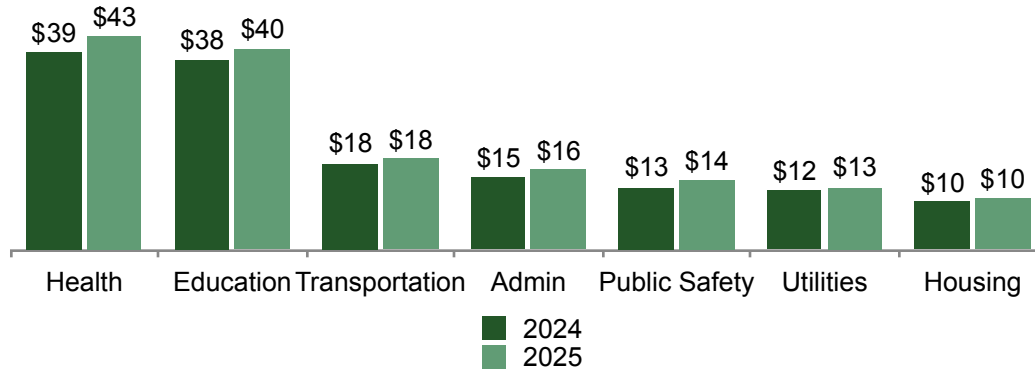


Post-Quantum Cryptography Becomes a Priority

Quantum computing threatens today's encryption standards. Agencies are beginning the shift to post-quantum cryptography to protect sensitive data. Cryptographic resilience is emerging as a national security priority.

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.

CMMC 2.0 Becomes a Binding Requirement for Defense Contractors



The Department of Defense has finalized implementation of the Cybersecurity Maturity Model Certification (CMMC) 2.0 program.

Cybersecurity requirements have shifted from policy guidance to enforceable contract conditions.

Under the updated DFARS rule, CMMC clauses are now being incorporated into DoD solicitations and contracts.

Contractors and subcontractors handling Federal Contract Information (FCI) or Controlled Unclassified Information (CUI) must maintain the required CMMC compliance level.

Compliance status is becoming a prerequisite for eligibility to win and perform defense contracts.

Impact on the GovTech Market



Contractors must invest in identity security, endpoint protection, monitoring, and secure cloud environments to meet control requirements.

Small and mid-tier suppliers lacking in-house security capabilities are increasingly turning to managed security service providers (MSSPs) and compliance advisors.

Prime contractors are pushing cybersecurity requirements down the supply chain, expanding market opportunity beyond direct DoD vendors.

Compliance status is becoming a competitive differentiator in defense procurements, not just a regulatory hurdle.

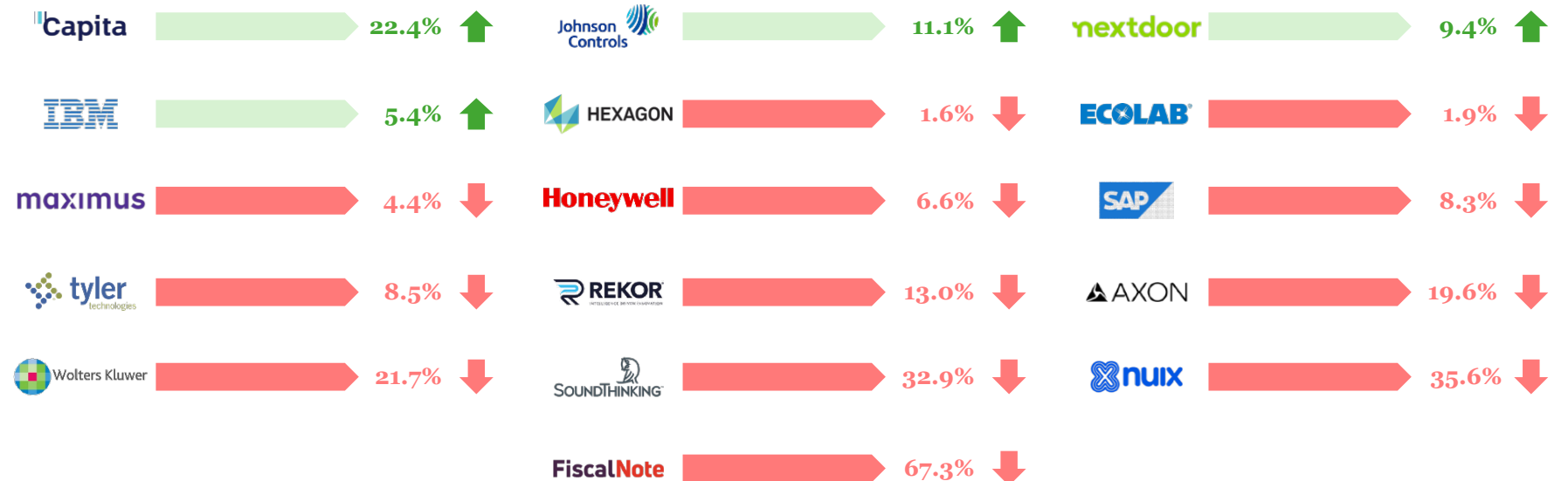
III. Capital Markets & Public Trading Data

Public Companies Performance (1/3)

Select Government Technology Public Companies Constituting the Public Index



Q4 25 Government Technology Companies Performance

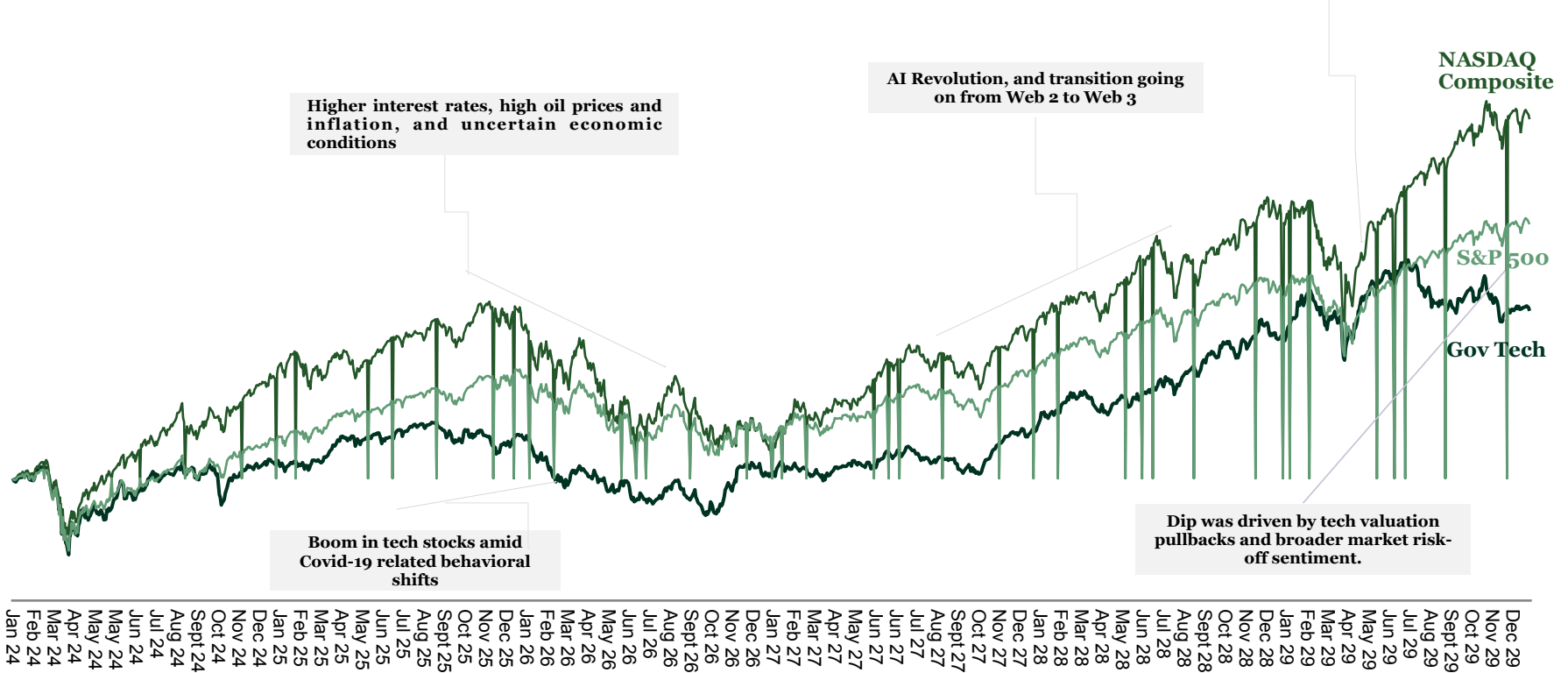


Public Companies Performance (2/3)

The GovTech sector faced pressure in Q4 2025 as broader tech valuations softened and investor sentiment turned more cautious. While federal modernization and AI-driven infrastructure remained long-term tailwinds, year-end profit-taking and multiple compression weighed on performance.

Index Growth	CY 24	Q4 24	Q4 25
GovTech	34.2%	4.6%	(4.1)%
S&P 500	24.0%	3.0%	2.0%
NASDAQ Composite	30.8%	7.8%	2.1%

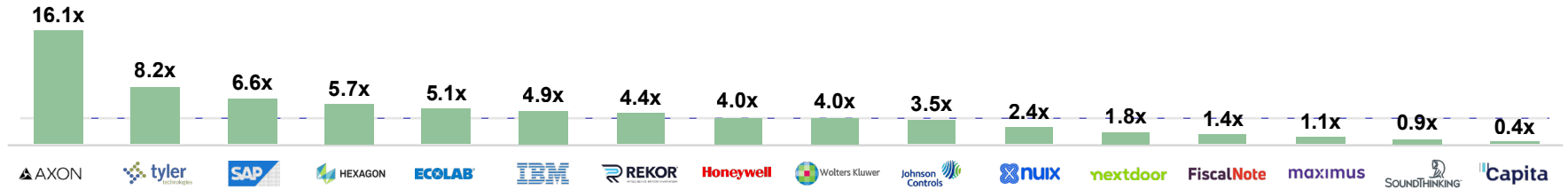
Q2 saw a dramatic rebound after April's tariff-driven sell-off.



Public Companies Performance (3/3)

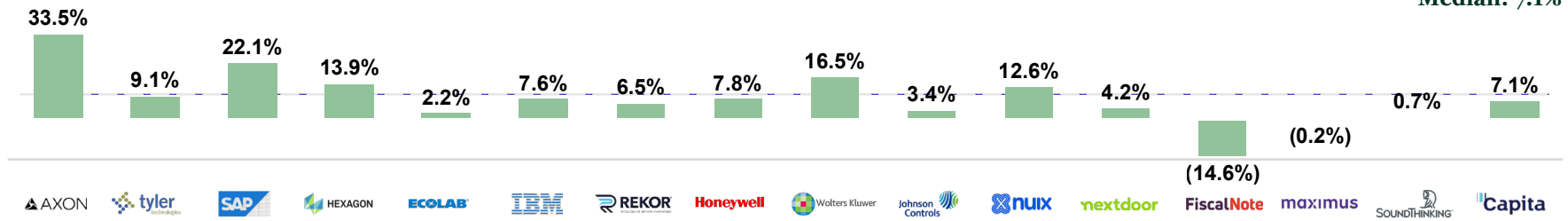
EV/Revenue (LTM)

Median: 4.0x



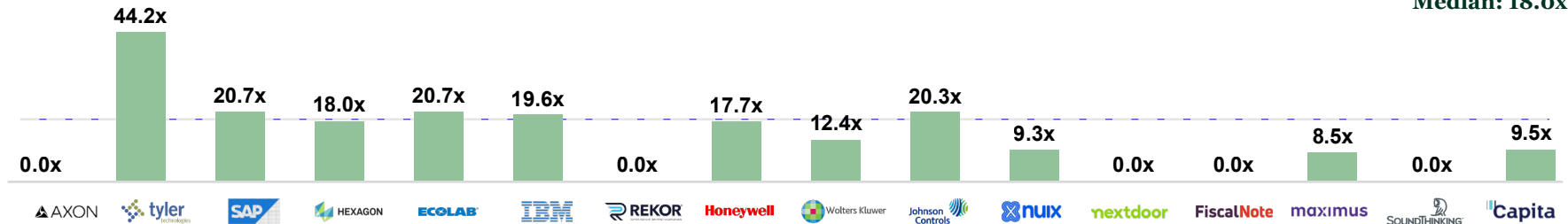
Revenue Growth (LTM)

Median: 7.1%



EV/EBITDA (LTM)

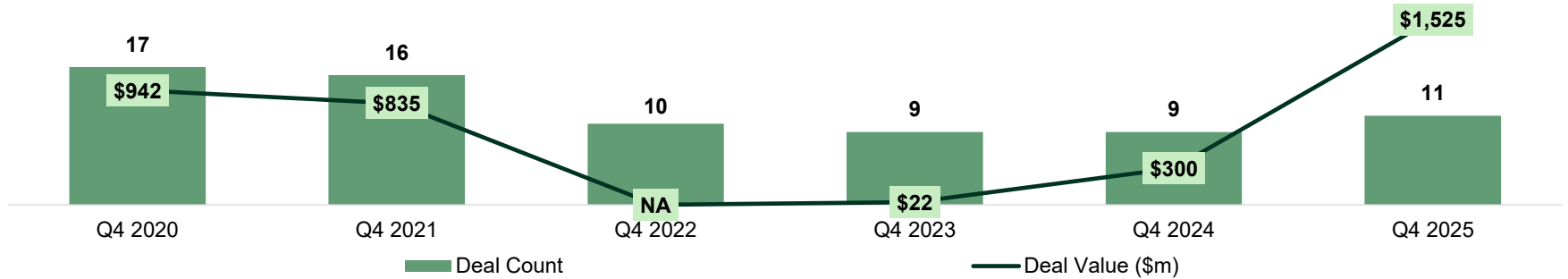
Median: 18.0x



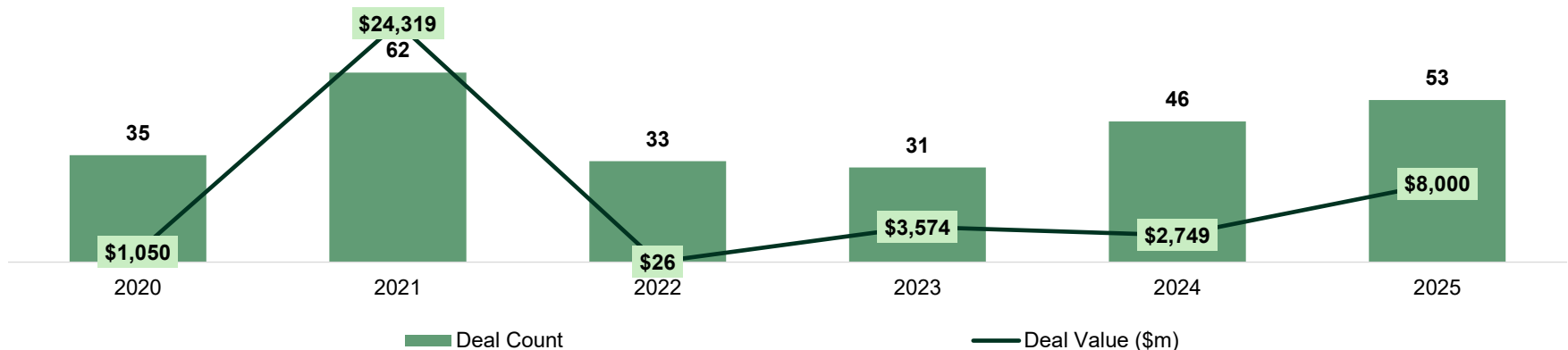
Government Technology M&A Activity (1/4)

GovTech M&A activity accelerated in Q4 2025, closing the year on elevated momentum as the market experienced a recovery in both deal volume and value, exceeding levels observed over the previous three years. The rise was driven by increased strategic sales, active private equity platform investments, and sustained demand across public safety, digital services, and infrastructure modernization, reflecting strong investor confidence in long-term public-sector growth.

Historical Q4 M&A Summary




















































Annual M&A Summary



Government Technology M&A Activity (2/4)







Most Active Buyout Investors

Active Investors from Q1 2019 – Q4 2025							
Company Name	Investor Type	# of New Investments	Notable Investments				
	PE/Buyout	6					
	Strategic	6					
	PE/Buyout	7					
	Growth/Expansion	6					
	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
19-Dec	 SAMIS	 NOVOTX	Operations, Admin & Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Operator of cloud software for municipalities to manage public infrastructure and assets.
17-Dec	 LONGNECKER & ASSOCIATES	 Geosyntec consultants	Operations, Admin & Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of technical and mission support services for government agencies in energy, national security, and environmental sectors.
15-Dec	 FIRSTTWO SIMPLY WITH INTELLIGENCE	 CENTRALSQUARE	Engagement & Communications	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of real-time situational awareness software for law enforcement and fire agencies.
10-Nov	 TRUE NORTH INTEGRATED SOFTWARE SOLUTIONS	 GovHost	Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of public safety software for law enforcement agencies covering dispatch and records management.
06-Nov	 CARBYNE	 AXON	Engagement & Communications	\$625m	Undisclosed	<ul style="list-style-type: none"> Developer of emergency communication software for public safety agencies with real-time multimedia and location data.
01-Nov	 MOBILE TORNADO	 Mobile Tornado	Engagement & Communications	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of push-to-talk communication software for secure field team coordination.
27-Oct	 BidData	 LotusPetal AI	Operations, Admin & Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of AI-powered government contracting software that helps businesses find, prepare, and manage public sector bids.

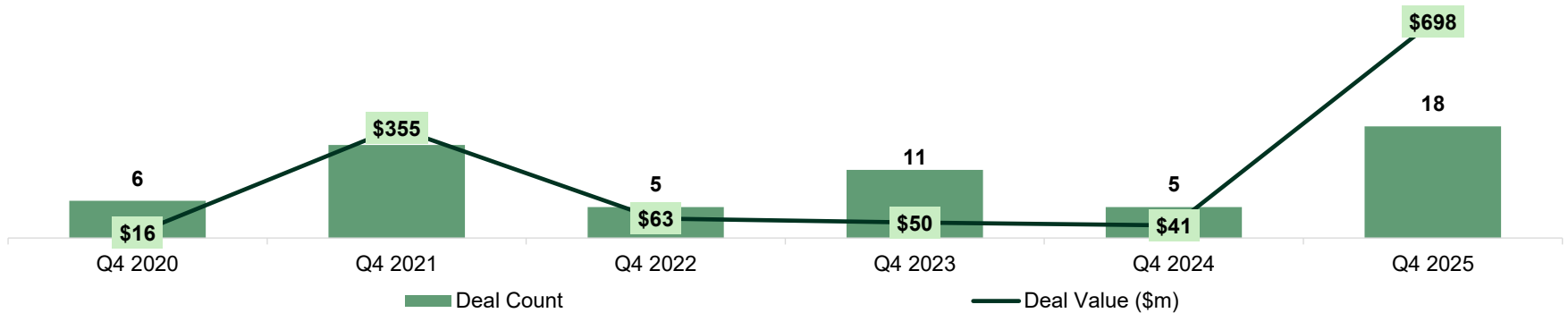
Government Technology M&A Activity (4/4)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
22-Oct			Engagement & Communications	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of constituent management software for government offices to handle public inquiries.
15-Oct			Operations, Admin & Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of HR, civil rights, and workforce support services and technology solutions for federal government agencies.
09-Oct			Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of electronic voting and election management systems for government agencies.
02-Oct			Engagement & Communications	\$900m	Undisclosed	<ul style="list-style-type: none"> Developer of AI-driven emergency response software that assists public safety agencies in call handling and operational workflows.
Median				\$762.5m	NA	

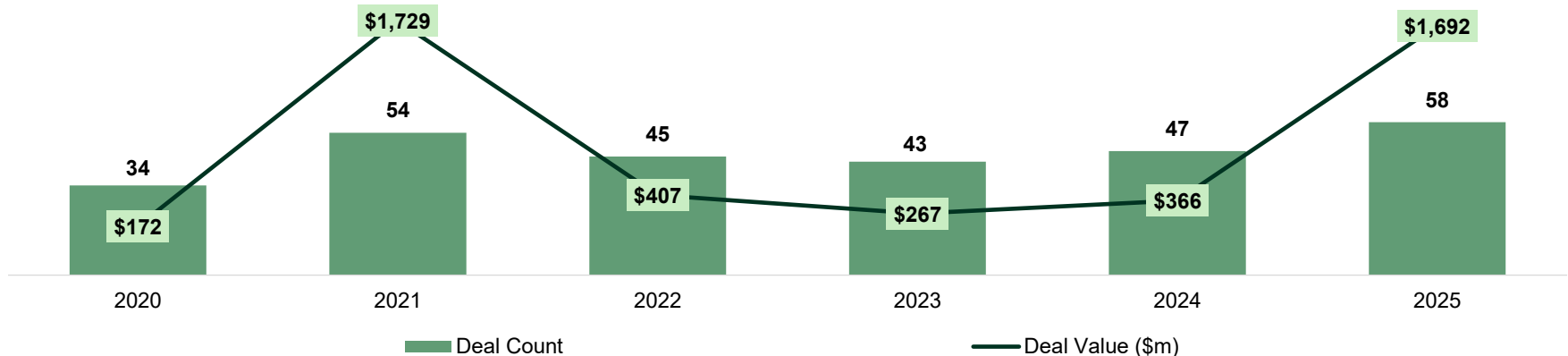
Government Technology Investment Activity (1/5)

GovTech investment activity strengthened in Q4 2025, contributing to a record year for capital deployment across the sector. Increased investor participation and larger growth financings supported elevated funding volumes, driven by continued demand for digital government platforms, public safety technologies, and data-centric solution, reflecting strong investor confidence in long-term public-sector growth.

Historical Q4 Financing Summary













































Annual Financing Summary
















Government Technology Investment Activity (2/5)

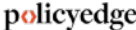













Most Active Minority Investors

Active Investors from Q1 2019 – Q4 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 (3/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
30-Dec	 CHAMP	 Berkley	Operations, Admin & Finance	\$55m	Undisclosed	<ul style="list-style-type: none"> Developer of a digital vehicle title management platform for secure government title processing and transfer.
22-Dec	 govdash.com	 MuckerCapital	Operations, Admin & Finance	\$30m	Undisclosed	<ul style="list-style-type: none"> Developer of an AI platform supporting government contractors with capture, proposals, and contract management.
15-Dec	 CYLERA	  DREAMIT	Data & Record Systems	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of a cybersecurity platform providing asset visibility, risk detection, and device threat protection.
11-Dec	 PRYON	  CROSSCOURT	Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of an enterprise AI memory platform enabling secure knowledge access for government workflows.
03-Dec	 PermitFlow	 Accel	Operations, Admin & Finance	\$54m	Undisclosed	<ul style="list-style-type: none"> Developer of a software platform streamlining municipal construction permit applications and approvals.
01-Dec	 ManyBond	 GOVTECH VENTURES	Operations, Admin & Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Operator of a platform enabling fractional municipal bond investment and community capital access.
01-Dec	 Rep'd	 GOVTECH VENTURES	Engagement & Communications	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a video engagement platform helping local governments communicate directly with residents.

Government Technology Investment Activity (4/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
25-Nov	 policyedge	 PERRY CAPITAL	Operations, Admin & Finance	\$20m	Undisclosed	<ul style="list-style-type: none"> Developer of an AI-driven regulatory intelligence platform translating policies into executable compliance controls.
24-Nov	 CivicReach	 Transit Tweener Fund	Engagement & Communications	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a voice AI platform automating resident services and multilingual government support.
13-Nov	 BLACKBIRD.AI	 Dorilton. TENELEVEN	Data & Record Systems	\$27.3m	Undisclosed	<ul style="list-style-type: none"> Developer of an AI narrative intelligence platform detecting misinformation and influence threats.
06-Nov	 Deltak	 THOMABRAVO	Operations, Admin & Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of enterprise project and financial management software widely used by government contractors.
05-Nov	 RS&AI Procurement Sciences	 CATALYST	Operations, Admin & Finance	\$30m	Undisclosed	<ul style="list-style-type: none"> Developer of an AI bidding intelligence platform supporting government procurement strategy.
30-Oct	 MARK43	 BLUE OWL	Data & Record Systems	\$50m	Undisclosed	<ul style="list-style-type: none"> Developer of a public safety platform for dispatch, records, analytics, and evidence management.
27-Oct	 ONTIC	 JMI EQUITY SILVERTON PARTNERS KKR	Data & Record Systems	\$426.4m	Undisclosed	<ul style="list-style-type: none"> Developer of a security intelligence platform helping agencies detect, assess, and mitigate threats.

Government Technology Investment Activity (5/5)

Date	Target	Buyer	Sub-Sector	Deal Size	EV/ Revenue	Target Description
23-Oct	 OffenderWatch <small>Prevent the Unthinkable</small>	 STG	Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of a registry and compliance platform for law enforcement offender tracking and notification.
03-Oct	 The ANTHERAUD COMPANY	Abstract.	Operations, Admin & Finance	<\$10m	Undisclosed	<ul style="list-style-type: none"> Developer of an AI fraud detection platform addressing waste, abuse, and improper public spending.
01-Oct	 btg	 ACTIVATE VENTURE PARTNERS	Operations, Admin & Finance	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Provider of outsourced technology procurement services for government agencies.
01-Oct	 PLIX	 samsara	Data & Record Systems	Undisclosed	Undisclosed	<ul style="list-style-type: none"> Developer of wearable recording and evidence management solutions for law enforcement and security teams.

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, internet, and AI companies.

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

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

- Software and Internet domain expertise

VPA Key Metrics

136
TRANSACTIONS

22
INVESTMENT BANKERS

27%
CROSS BORDER DEALS

\$25 – \$500M
TRANSACTION SIZE RANGE

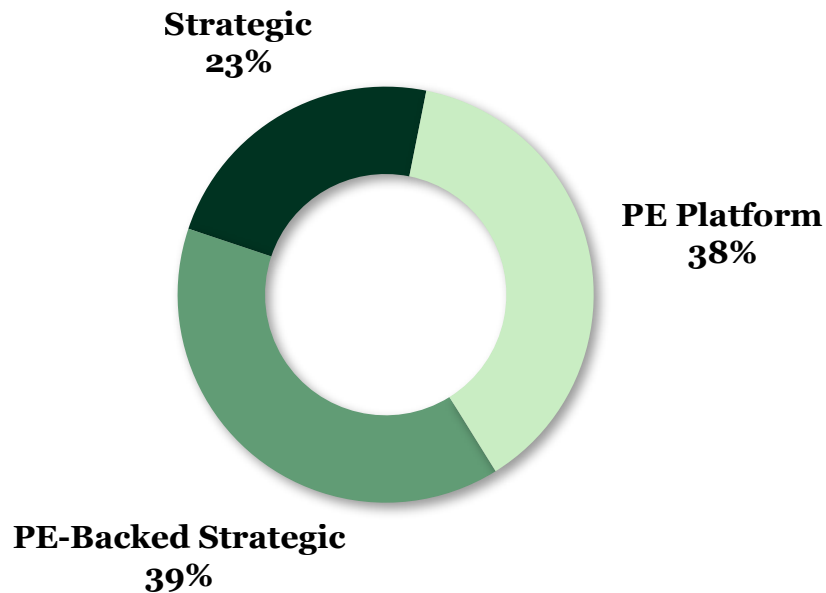
\$11B
TOTAL ENTERPRISE VALUE

15+ Years
SENIOR BANKER TENURE

100%
SELL-SIDE TRANSACTIONS

1,600+
LOIs RECEIVED

900+
BUYER RELATIONSHIPS



















































































Leading Advisor to Founder-Owned Technology Companies

In the past 4 years, here are our results:

52
CLOSED TRANSACTIONS

\$3.7B
ENTERPRISE VALUE

9.1x
AVG. ARR MULTIPLE

 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>investment from</i> 	 <i>acquired by</i> 	Undisclosed <i>investment from</i> Undisclosed Real Estate	 <i>investment from</i> 
 <i>acquired by</i> 	 <i>investment from</i> 	 <i>acquired by</i> 	 <i>investment from</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 	 <i>acquired by</i> 
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 <i>investment from</i> 	 <i>acquired by</i> 	Undisclosed <i>investment from</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>investment from</i> 	 <i>acquired by</i> 

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

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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

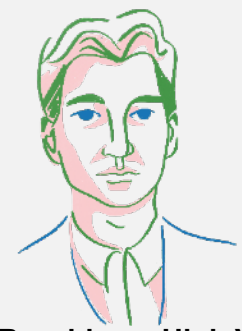
Sell-Side Stories

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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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