Year-to-Date Machine Learning M&A at Record Levels as Major Tech Players Stake Positions

Spending so far this year surpasses total cumulative spending for all prior years

Boston, December 11, 2017 - Acquirers have spent a record-breaking $17bn so far this year to acquire machine learning companies, as major technology players staked out their positions in a technology that is expected to profoundly disrupt the marketplace in coming years. Buyers announced 87 transactions totaling announced or estimated spending of $16.8bn though November, according to 451 Research’s M&A KnowledgeBase. Not only is year-to-date spending more than four times the amount spent in 2016, it surpasses total spending for all previous years combined. Prior to 2017, tech acquirers spent $9.4bn to acquire 177 machine-learning or artificial-intelligence companies.

The data from 451 Research includes acquisitions of companies that offer machine-learning or artificial-intelligence technology or products.

“In any major technology disruption, large vendors augment their own research and development with acquisitions. AI and machine learning – like cloud and mobility before it – have seen that during 2017. However, machine learning is being felt more widely than those two prior trends; M&A activity has spanned the entire technology stack from chips to SaaS as vendors move to make sure they’re at the vanguard of a technology that will reshape our personal lives, work lives, education and leisure.”, says Nick Patience, Co-Founder and Research VP, Software at 451 Research.

So far this year, Apple, Cisco, Facebook, Google, HPE, Intel and Microsoft have been among the tech vendors placing bets with machine-learning acquisitions. By far the biggest transaction was Intel’s $15.3bn purchase of Israel-based MobileEye in March to add semiconductors for assisted and autonomous vehicle applications to its portfolio. That deal, at 41 times trailing 12-month revenue, also holds the record for the highest multiple ever paid for a company with more than $100m in trailing revenue, according to the M&A KnowledgeBase.
Software companies account for about two-thirds of the targets so far this year, with business intelligence and customer relationship management (CRM) making up about a third of all targets. In the business intelligence segment, for example, TIBCO acquired two machine-learning companies that enable predictive analytics. In the security category, which accounted for 17% of targets so far this year, we saw deals such as Cisco’s acquisition of Observable Networks, which uses proprietary machine-learning technology to enhance its security monitoring capabilities.

Google/Alphabet holds the record for the number of machine-learning deals over time with 11 transactions announced so far. IBM, which is placing a big bet on its Watson AI unit, is runner-up with nine acquisitions in total.

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451 Research is proud to be the Premier Research Sponsor for Al World, the industry’s largest independent AI business event, taking place this week, December 11-13, in Boston, MA. 451 Research analysts Nick Patience and Raúl Castañón Martínez will be speaking at the following sessions:

Panel: Next Generation AI Technologies
Executive Roundtable: Driving Innovation in the Enterprise
General Session Executive Panel — Future of AI

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