

# AI M&A Activity: Q2 2026

Q2 2026 finds artificial intelligence at the centre of global dealmaking. AI is no longer one theme among many; it is the single most important catalyst for M&A. Roughly **half of all technology deals in 2025 carried an AI component**, up from about one in four a year earlier, and the AI deal engine is now reshaping the structure of the wider market.

The figures frame the shift. North American AI M&A rose to **589 transactions in 2025**, a gain of 57% on 375 deals in 2024, and CB Insights recorded **266 AI M&A deals in Q1 2026 alone, up 90% year on year**. This activity sits inside a record M&A market: global deal value reached about \$4.9T in 2025, with 122 transactions above \$5B, the most in a decade. Megadeals have returned to define the top of the market, and roughly one quarter of all \$5B-plus transactions now carry an AI theme. Google's **\$32B** acquisition of Wiz, Alphabet's largest deal ever, closed in Q1 2026.

Two forces dominate the demand side. The first is capability acquisition: hyperscalers and enterprise incumbents are buying models, talent, security and proven AI faster than they can build it, with big tech acquiring AI targets at an average 4.5 years from founding, well below the 7.6-year market norm. The second is the compute imperative, the race to secure the chips, data centres and power behind AI. The five largest hyperscalers are set to spend \$660B to \$690B of capital expenditure in 2026, about 75% of it tied to AI infrastructure. Underwriting both is a constructive macro backdrop: Goldman Sachs forecasts about a 15% rise in M&A volume in 2026 and has declared the multi-year deal winter over.

For founders, the central conclusion is that the strategic sale has become the default AI exit. Strategic acquirers accounted for about **\$2.73T, roughly 60% of all 2025 M&A value**, and in AI the skew toward strategic buyers is sharper still. This report sets out who is buying, what is driving them, and how transactions are being structured in a market that rewards prepared, acquirable assets.

## What is the state of AI M&A this quarter?

---

The defining feature of the Q2 2026 market is that AI has moved from a deal theme to the deal engine. AI M&A volume has stepped up sharply, while value concentrates in larger infrastructure, chip and platform transactions. The market is paying more for capability, and the distribution of activity has stretched toward its two extremes.

This is what Windsor Drake terms the barbell market. High-volume capability tuck-ins and acqui-hires anchor one end of the distribution by count, while a thin band of infrastructure and platform megadeals anchors the other by value. The middle, assets in the \$100M to \$1B range, faces the thinnest buyer pool and the longest path to exit.

**Table 1. AI M&A Deal Volume and Value Indicators, 2024 to 2026E**

Metric	2024	2025	2026E
North American AI M&A deal count	375	589	~700
AI M&A deal count growth (YoY)	Baseline	+57%	Continued growth
Q1 2026 AI M&A deals (global, CB Insights)	n/a	n/a	266, +90% YoY
Value concentration	Rising	Rising	Rising

Source: PwC analysis of S&P Global Market Intelligence; CB Insights State of AI; Windsor Drake analysis.

## A barbell distribution

By deal count, small capability buys and acqui-hires are the bulk of activity. By value, a handful of infrastructure, chip and security transactions above \$10B carry a disproportionate share. The squeezed middle is the strategic problem of the quarter: mid-sized assets face both the thinnest buyer pool and the most acute consolidate-or-be-acquired pressure.

**Table 2. Indicative AI M&A Deal-Count Distribution by Size Band, Q2 2026**

Size Band	Share of Deal Count	Character
Tuck-in, below \$100M	~68%	Capability buys and acqui-hires; the bulk of activity
Mid-market, \$100M to \$1B	~16%	The squeezed middle; thinnest buyer pool
Large, \$1B to \$10B	~11%	Platform and scale transactions
Megadeal, above \$10B	~5%	Infrastructure, chip and security deals; most of the value

Source: Windsor Drake analysis; directional pattern corroborated by CB Insights and PwC.

## Megadeals defining the cycle

Four transactions illustrate the strategic logic of the current market. Google and Wiz is AI-era security consolidation; Palo Alto Networks and CyberArk is identity-security capability; Nvidia and Groq is compute and silicon; Meta and Scale AI is frontier-model data secured through a large minority stake. Together they map the rationales now driving the largest AI transactions.

**Table 3. Notable AI Transactions of the Cycle, 2025 to 2026**

Transaction	Value	Timing	Strategic Rationale
Google / Wiz	\$32B	Closed Q1 2026	AI-era cloud security consolidation
Palo Alto Networks / CyberArk	~\$25B	Announced 2025	Identity-security capability acquisition
Nvidia / Groq	~\$20B	Announced 2025 Dec	AI inference compute and silicon
Meta / Scale AI	~\$14.3B (49% stake)	Announced 2025 Jun	Frontier-model data, stake-and-licence

Source: Company and SEC filings; CB Insights; PitchBook.

## Who is buying AI companies in 2026?

The buyer field has consolidated around the strategic acquirer. Strategic buyers accounted for about \$2.73T, roughly 60% of all 2025 M&A value, and in AI the skew is sharper still. Hyperscalers and enterprise incumbents have displaced both the IPO and the pure financial buyer as the central exit route for venture-backed AI. For a well-prepared seller, the presence of several distinct buyer pools at once is the single most reliable lever on final price.

**Table 4. The AI Buyer Landscape, Q2 2026**

Buyer Group	Primary Mandate	Characteristic Deal
Hyperscalers & Big Tech	Secure models, talent, security and compute	Capability buys and stake-and-licence deals
Enterprise Software Incumbents	Embed agentic and data AI into product stacks	Bolt-on agentic and data-platform acquisitions
Private Equity	Deploy record dry powder into AI infrastructure	Data centre deals and software take-privates
Cross-Border Acquirers	Secure compute capacity, talent and footholds	Regional and sovereign-backed buyers going global

Source: CB Insights; PitchBook; McKinsey & Company.

## Strategic acquirer activity by subsector

The three principal buyer groups pursue different assets. Hyperscalers chase models, security and compute; private equity targets infrastructure and cash flow; enterprise strategics prioritise embedded agentic AI. Enterprise and agentic AI draws high activity from all three, while foundation models remain the preserve of hyperscalers using minority structures.

**Table 5. Strategic Acquirer Activity by AI Subsector, Q2 2026**

Subsector	Hyperscalers	Private Equity	Enterprise Strategies
Infrastructure & Data Centres	High	High	Moderate
Semiconductors & Compute	High	Moderate	Low
Foundation Models	High	Low	Moderate
Enterprise & Agentic AI	High	High	High
AI Cybersecurity	High	High	Moderate
Physical AI & Robotics	Moderate	High	Moderate

Source: Windsor Drake analysis of CB Insights, McKinsey and PwC research.

### Why hyperscalers are buying

The internal build cycle for frontier and agentic AI is too slow to hold a lead, so hyperscalers acquire models, talent and compute outright. CB Insights finds big tech buying AI targets at an average 4.5 years from founding, well below the 7.6-year market norm, and identifies Google as the most active dealmaker of the quarter. The preference is for single-capability assets that integrate cleanly into existing product stacks, frequently after a partnership that de-risks the technology. Compute and infrastructure, models and talent, and security and trust are the priority targets.

### Why private equity is back

With roughly \$2T of global dry powder to deploy, sponsors face acute pressure to transact. AI infrastructure, data centres and power assets offer the scale and long-duration cash flow that absorb large cheques, while mature software adapting to the AI era and trading below intrinsic value is a prime take-private target. AI venture investment reached a record \$243.9B in 2025, building a deep pipeline of future assets, and aging 2020 to 2022 fund vintages are pushing sponsors toward exits in parallel, many of them to corporate buyers.

## What is driving AI dealmaking?

Four forces explain the concentration of capital in the current market. The first two sit on the demand side and shape what buyers want; the second two are macro conditions that determine how much they can spend.

### Capability acquisition

Buyers are acquiring models, data and talent, not simply customers. McKinsey expects 2026 AI M&A to centre on data, chip design and model-training capability, and describes AI investment entering an industrial phase of maturity. The build cycle for frontier and agentic AI is too slow for incumbents to match the market, so proven, governed AI now reads as core infrastructure for acquirers.

## The compute imperative

The race for AI infrastructure is reshaping the top of the market. The five largest hyperscalers are set to spend \$660B to \$690B of capital expenditure in 2026, with about 75%, near \$450B, tied directly to AI infrastructure. That spend is pulling data centre, chip and power assets into M&A as buyers secure scarce compute, and McKinsey characterises the result as the convergence of hardware, cloud and model layers under common ownership.

## A reopening market

The broad M&A backdrop is the most constructive since 2021. Goldman Sachs forecasts about a 15% rise in M&A volume in 2026 and has declared the multi-year deal winter over, with roughly \$3T of corporate cash and \$2T of private equity dry powder being unleashed. Rate stabilisation and reopened capital markets are lifting buyer confidence, and buyer and seller expectations have converged, unlocking deal flow that stalled in prior years.

**Table 6. AI M&A Demand Drivers, Q2 2026**

Driver	Mechanism	Evidence
Capability acquisition	Buy rather than build models, talent and AI	Big tech buys targets at 4.5 years; McKinsey 2026 outlook
The compute imperative	Acquire chips, data centres and power for capacity	\$660B to \$690B hyperscaler capex; ~75% AI-tied
Private capital pressure	Record dry powder seeking deployment	~\$2T global PE dry powder; \$243.9B 2025 AI venture
A reopening market	Rate stability and converged expectations	~15% forecast rise in 2026 M&A volume

Source: McKinsey & Company; Goldman Sachs; Morgan Stanley; CB Insights; PitchBook.

## Geographic distribution

North America anchors AI M&A value, home to the hyperscalers, the deepest capital markets and the bulk of AI infrastructure spend. Windsor Drake estimates North America accounts for roughly 65% of AI M&A value, with EMEA near 18% as AI Act clarity and sovereign-compute initiatives sustain a steady cadence of deals, and APAC and the rest of the world together accounting for the remainder as cross-border acquirers target compute capacity and regulated footholds.

## How are AI deals being structured?

Deal structure in 2026 reflects a market where buyers are well capitalised and want certainty, but valuation gaps on frontier and early-traction AI still need bridging, and antitrust sensitivity shapes the largest

transactions. The result is a return of all-cash consideration alongside earn-outs and stake-and-licence structures, with control premiums reserved for synergy that can be concretely underwritten.

**Consideration, stakes and earn-outs**

All-cash consideration has returned as well-capitalised buyers prize certainty and remove financing and share-price risk. For frontier-model assets, large minority stakes and licensing arrangements have become common, securing model access and talent while limiting antitrust exposure, as the Meta and Scale AI transaction makes clear. Earn-outs remain standard for frontier and early-traction AI assets, with performance-linked tranches typically paid over 12 to 24 months to bridge gaps where forward growth is genuinely unproven.

**Control premiums and synergy**

Strategic control premiums typically run 20 to 30% over standalone value, but the premium is paid only where synergies can be concretely underwritten. Vague AI optionality no longer commands a premium on its own. Headline values rest on identifiable, underwritable synergies, and the synergy case belongs in the management presentation, quantified before the LOI stage rather than after it.

**Table 7. AI Deal Structure and Terms, Q2 2026**

Element	Current Market Practice	Founder Consideration
Consideration mix	All-cash resurgence; stock where upside is shared	Weigh certainty against future participation
Stake-and-licence	Large minority stakes and licensing for frontier AI	Model governance and control rights carefully
Earn-outs	Standard for frontier and early-traction AI, 12 to 24 months	Negotiate clear, measurable, controllable milestones
Regulatory remedies	Structural remedies and acqui-hire structures designed in	Model antitrust timelines into runway and structure

*Source: McKinsey & Company; PwC; company filings.*

**Cross-border considerations**

Jurisdictional divergence is the primary execution risk in cross-border AI deals. Regulatory clearance runs 30 to 50% longer than a domestic transaction, with divergent AI frameworks, the EU AI Act, US executive actions and China's model-governance rules, export controls on advanced compute, and national-security screening, CFIUS and its equivalents, the principal sources of friction. The offsetting opportunity is real: acquirers use strong-currency positions and deeper capital markets to acquire compute capacity, talent and regulated footholds abroad.

## The 2026 outlook

With North American AI M&A at 589 deals in 2025, the 2026 trajectory turns on rates, the IPO window and the pace of capability and compute buying. Windsor Drake's base case sees AI deal count rising modestly on continued demand, with capability, compute and security deals leading activity. A full sale process runs 12 to 18 months end to end, so a founder who intends to meet this market while the current alignment of buyer demand, capital availability and reopened deal flow still holds is, in practice, preparing in the present cycle.

**Table 8. 2026 AI M&A Outlook Scenarios (North American Deal Count)**

Scenario	2026 Deal Count	Key Conditions	Implication
Bull case	~760	Aggressive rate cuts, open IPO window, capability and compute buying wave	A seller's market
Base case	~700	Steady rate normalisation, capability, compute and security deals lead	A constructive market
Bear case	~540	Inflation resurgence or rate-cut pause, AI capital-spending pullback	A buyer's market

Source: Windsor Drake analysis; Goldman Sachs and Morgan Stanley outlooks; CB Insights; PwC.

## Key takeaways for founders

Translating the AI M&A picture into strategy means concentrating on six areas that consistently determine outcomes in the current market.

### 1. Treat the strategic sale as the default

With hyperscalers and enterprise incumbents driving the large majority of AI exits by value, a sale to a strategic buyer is now the central exit path, ahead of both the IPO and the financial buyer. Map your capability against the declared gaps of named acquirers, and engineer the asset to be acquirable, not only fundable.

### 2. Lead with capability, not scale alone

Acquirers are paying premiums for models, data and talent that fill a specific gap, and big tech is buying AI targets years earlier than the historical norm. Frame the asset around a concrete buyer capability deficit, and evidence proprietary data and governed, production-grade AI rather than pilots or research.

### 3. Quantify synergies early

Headline values now rest on identifiable, underwritable synergies; vague AI optionality no longer moves valuation. Model revenue and cost synergies before the LOI stage and present the synergy case in the management presentation, doing the buyer's math for them.

#### 4. Expect structured consideration

All-cash deals have returned for certainty, but earn-outs and stake-and-licence structures remain standard for bridging valuation gaps on frontier and early-traction AI. Prepare for performance-linked payments over 12 to 24 months and negotiate clear, measurable milestones up front.

#### 5. If you are mid-market, choose deliberately

In a barbell market the \$100M to \$1B band has the thinnest buyer pool. Owners face a clear decision: acquire toward platform scale, or position decisively to be acquired. Delay narrows options as competitive moats erode and the squeezed middle widens.

#### 6. Respect the lead time

A full process runs 12 to 18 months end to end, with six to nine months of preparation alone. Capturing the current constructive market, while buyer demand, capital availability and reopened deal flow remain aligned, requires diligence readiness to begin in the present planning cycle and 12 to 18 months of runway so the process can be run from strength.

## Sources

---

- [CB Insights, State of AI Q1 2026 and State of Venture Q1 2026](#)
- [PwC, AI and Private Equity Fuel Surge in Large M&A Deals](#)
- [PwC, Global M&A Industry Trends and Technology US Deals 2026 Outlook](#)
- [McKinsey & Company, Technology M&A: AI Enters Its Industrial Phase](#)
- [McKinsey & Company, 2026 M&A Trends: Navigating a Rapidly Rebounding Market](#)
- [Goldman Sachs, 2026 Global M&A Outlook](#)
- [Morgan Stanley, Global M&A Activity Outlook 2026](#)
- [PitchBook, M&A and AI venture trend analyses, full-year 2025](#)
- [S&P Global Market Intelligence, global M&A data cited in PwC analysis](#)
- [Federal Reserve, FOMC statement and Summary of Economic Projections](#)
- [Company and SEC filings on Wiz, CyberArk, Groq, Scale AI, Confluent and ABB Robotics](#)