



M&A Outlook 2025

Nordic IT Infrastructure Market



Scope & Definition of the IT Infrastructure Market

White paper Scope

The purpose of this white paper is to identify the key trends, factors, challenges, and opportunities expected to influence future demand and competitive dynamics in the Nordic IT infrastructure market. Additionally, it aims to discuss how these are anticipated to impact the Nordic IT infrastructure M&A market, and on how small and medium-sized IT infrastructure companies can leverage this.

Market definition

When referring to the IT Infrastructure industry, we focus on businesses whose offerings and services revolve around providing foundational IT services and solutions essential for the operation, management, and security of an organization’s IT environment. This includes managed services, cloud computing, IT security, hosting, modern workplace solutions, monitoring, and applications like Microsoft 365.

The industry can be segmented into key value chain elements such as manufacturing (hardware), software, services, and distribution, addressing essential IT components across communication networks, data centers/cloud, cybersecurity, and devices/equipment.

Definition of the IT Infrastructure Industry

Value chain	Manufacturing (Hardware)	Software	Services	Distributors
Segments				
Network / Communication	<ul style="list-style-type: none"> Router Switches Modems 	<ul style="list-style-type: none"> VoIP Unified communication Monitoring 	<ul style="list-style-type: none"> Advisory & Implementation Security & performance Monitoring, ITSM 	<ul style="list-style-type: none"> Telcos ISPs
Data centers / Cloud	<ul style="list-style-type: none"> Servers Storage devices Cooling systems GPUs 	Public cloud: <ul style="list-style-type: none"> Azure, AWS, Google Private cloud: <ul style="list-style-type: none"> Virtualization 	<ul style="list-style-type: none"> Data center hosting Cloud advisory and implementation Disaster recovery 	<ul style="list-style-type: none"> Vendors ISPs Telcos VARs
IT & Cyber Security	<ul style="list-style-type: none"> Firewalls Intrusion detection systems 	<ul style="list-style-type: none"> Backup systems Anti-Malware Software Endpoint Security IAM 	<ul style="list-style-type: none"> Advisory & Implementation SOC Penetration testing 	<ul style="list-style-type: none"> VARs Vendors
Devices & Equipment	<ul style="list-style-type: none"> Laptops AV Equipment Phones Printers 	<ul style="list-style-type: none"> Operating systems iOS & Android Windows 	<ul style="list-style-type: none"> Modern workplace Managed services Break & Fix Refurbished IT Device lifecycle 	<ul style="list-style-type: none"> Wholesalers Retailers Vendors

Source: LNP Corporate Finance AB

Key Trends Shaping the IT Infrastructure Industry

Methods for Identifying Factors

Our analysis leverages a combination of market data, expert insights, and industry reports to pinpoint the key trends and forces reshaping the IT infrastructure market. By examining economic, regulatory, technological, and geopolitical developments, we identify patterns that we anticipate will impact the Nordic IT Infrastructure market.

Analytical Approach

Using our expertise in IT infrastructure, we've assessed how these trends are expected to impact the market. This involves analyzing the implications of emerging technologies, evolving customer expectations, and global challenges such as cybersecurity and sustainability. Additionally, we have also assessed how this can be used as opportunities.

With this in mind, we have identified these as the most significant factors including IT Security, Cloud and IaaS Models, Artificial Intelligence (AI), ESG, Talent Attraction and Retention, and Industry Consolidation:

Trends shaping the Nordic IT Infrastructure Market



1 Increased demand for IT Security

Rising cyber threats from both Russia and China is expected to drive demand for robust IT security that ensure data safety and regulatory compliance.



4 ESG

Energy consumption is becoming a major concern for industries like data centers and networking. Furthermore, there is increased focus on GDPR.



2 Migration to Cloud and IaaS models

The shift to cloud computing is changing IT services, with businesses prioritizing flexibility and cost efficiency. Subscription models like Infrastructure-as-a-Service (IaaS) are gaining traction.



5 Talent Attraction and Retention

The demand for skilled IT professionals in cloud computing, cybersecurity, and AI & automation exceeds supply, creating a challenge for scaling and innovation.



3 Artificial Intelligence

Automation and AI technologies are becoming essential for optimizing IT operations, reducing manual workloads, and improving service delivery.



6 Industry Consolidation

The industry is consolidating as larger firms acquire smaller ones to expand services and boost competitiveness. This reshapes industry dynamics, raising demand for innovation and scalability.

Note: The trends are ranked by prominence, with the first being the most significant and subsequent ones decreasing in importance

Scope and Limitations

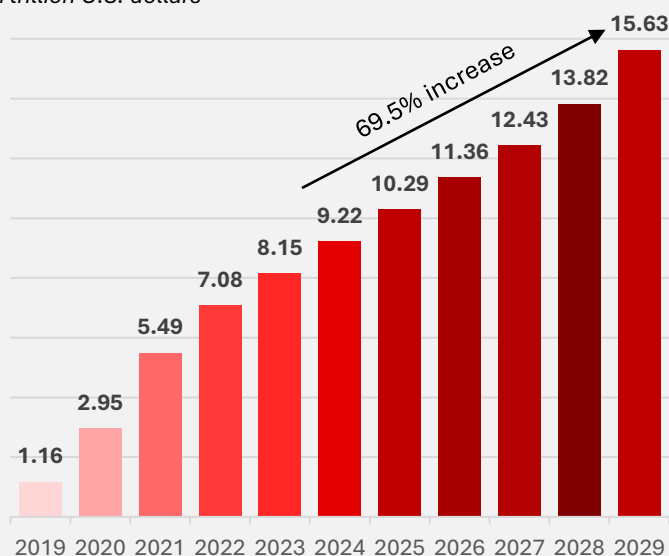
While this white paper highlights the most prominent trends and forces of change, it's important to note that other factors could also impact the market. Our selection reflects the trends with the highest anticipated influence on IT infrastructure companies and M&A activities in the Nordic region.

1 Increased Demand for IT Security

Cybersecurity has become a critical priority in the IT infrastructure industry as organizations face increasingly more cyber threats, primarily due to the threat from Russia and China. With the annual cost of cybercrime projected to rise from 9.22 trillion USD in 2024 to 15.63 trillion USD by 2029, businesses must address growing vulnerabilities to protect data and maintain trust.

Estimated annual cost of cybercrime worldwide

In trillion U.S. dollars



Source: Statista Technology Market Insights

Key developments

The estimated annual cost of cybercrime worldwide shows an upward trajectory. From \$2.95 trillion in 2020, the cost is projected to reach \$15.63 trillion by 2029, representing a 69.5% increase between 2024 and 2029. Key growth periods include:

- **2024:** Cybercrime costs are estimated at \$9.22 trillion, showing a steady rise.
- **2029:** Costs reach \$15.63 trillion, reflecting escalating threats and global vulnerabilities

This underscores the need for robust cybersecurity capabilities as cybercrime becomes a significant economic and operational threat worldwide.

Geopolitical tensions and digitization

The cybersecurity landscape is evolving rapidly, with threats becoming increasingly sophisticated and pervasive. High-profile incidents, such as the daily cyberattacks on Finland's utility Fortum and the vulnerabilities exposed in the Danish digitalization, where efficiencies have had priority over security. These examples underscore the urgent need to secure both operational systems and customer-facing services.

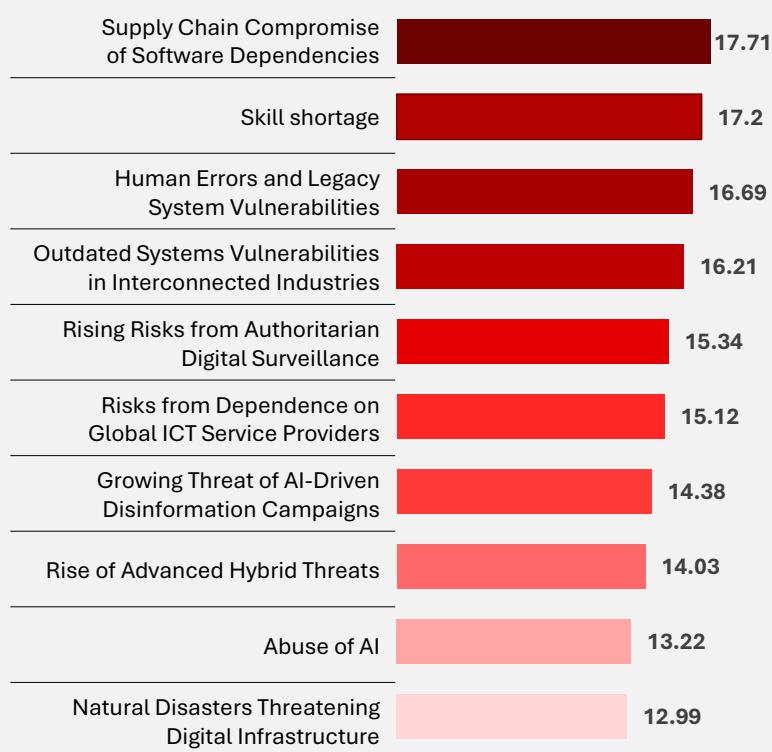
Geopolitical tension and cyber crime have become so immense opportunities for the involved parties that the IT environment have changed for good defining a new order of IT infrastructure priorities. This creates a challenging environment where businesses must anticipate advanced tactics, from ransomware to supply chain breaches, further increasing the pressure to prioritize cybersecurity measures.

Key Cyber Threats

The evolving cybersecurity landscape presents critical challenges for IT infrastructure companies, influencing their operations, valuations, and appeal in M&A transactions. The most significant threats include:

Key Cyber Threats beyond 2025

Measured in the relation between impact and likelihood of occurring. Score:



Source: ENISA - European Union Agency for Cybersecurity

Summary of Cyber Threats

- **Supply Chain Compromise:** Vulnerabilities in third-party software and hardware, as seen in incidents like SolarWinds, expose companies to disruptions and reputational risks. Buyers now prioritize supply chain security in due diligence.
- **Skill Shortages:** A lack of cybersecurity talent hinders scalability and increases operational risks, making firms with strong expertise more attractive in M&A.
- **Legacy Systems and Human Error:** Outdated infrastructure and employee errors remain key security risks. Modernizing systems is crucial for resilience and enhancing buyer interest.
- **AI-Driven Disinformation:** Misuse of AI to spread disinformation erodes trust and public perception. IT firms must adopt advanced monitoring tools to mitigate these risks.
- **Environmental Disruptions:** Natural disasters increasingly threaten data centers and other critical infrastructure. Companies investing in resilient systems gain a competitive edge.

To address the increasing complexity of cyber threats, IT infrastructure companies must develop expertise in critical cybersecurity technologies. These include:

- **Zero-Trust Architecture:** A "never trust, always verify" model ensures strict access controls and minimizes risks.
- **Network and Endpoint Security:** Tools like firewalls and advanced endpoint protection safeguard systems against evolving threats.
- **Identity and Access Management (IAM):** Ensures only authorized users access critical systems, reducing risks of breaches.
- **Security Information and Event Management (SIEM):** Real-time threat detection and response enhance security and compliance.
- **Cloud Security:** With increasing migration to the cloud, protecting cloud-based environments, data, and applications is non-negotiable for IT infrastructure companies.

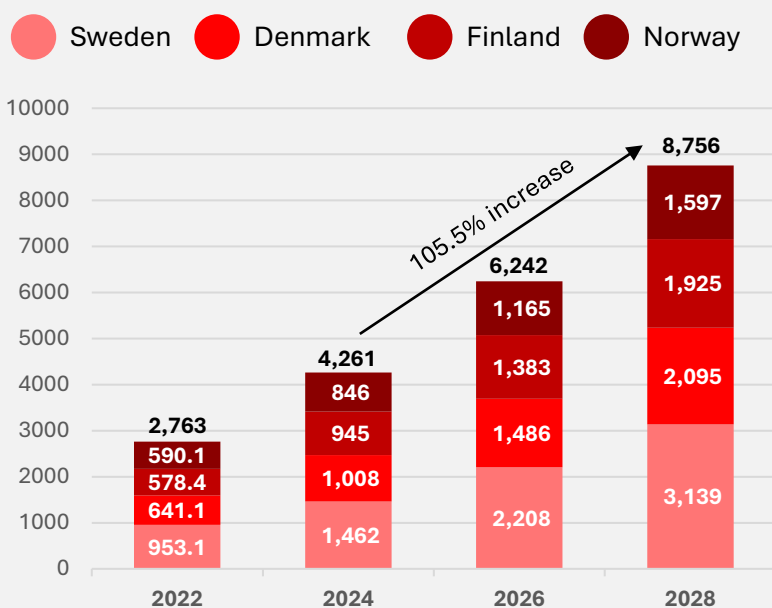
These technologies are vital for mitigating risks, ensuring resilience, and maintaining competitiveness in an evolving threat landscape.

2 Migration to Cloud and IaaS Models

The increasing adoption of cloud computing and hybrid infrastructure is shaping the IT landscape, driving significant changes in service delivery models. Businesses are moving away from traditional upfront investments towards subscription models, such as Infrastructure-as-a-Service (IaaS) and Managed Services, to achieve flexibility and cost efficiency. This trend is evident in the diagram below, which highlights the growth in IaaS revenue.

Estimated Revenue from Infrastructure-as-a-Service (IaaS) in the Nordics

In million U.S. dollars



Source: Statista Technology Market Insights

Key developments

The estimated revenue in the Nordics demonstrates an upward trend, with the market growing from 2,763 in 2022 to 8,756 million USD in 2028, an increase of 217%. Between 2024 and 2028, the market increased by 105.5%.

- **Sweden:** Revenue rises from 1,462 in 2024 to 3,139 million USD in 2028, a 115% increase.
- **Denmark:** Revenue rises from 1,008 in 2024 to 2,095 million USD in 2028, a 108% increase.
- **Finland:** Revenue rises from 945 in 2024 to 1,925 million USD in 2028, a 104% increase.
- **Norway:** Revenue rises from 846 in 2024 to 1,597 million USD in 2028, an 89% increase.

This highlights growth across all Nordic countries, with Sweden and Denmark leading.

This shift has profound implications for IT infrastructure companies and their operations. IT providers must adapt to meet rising demand for cloud services by investing in scalable and flexible solutions. According to an Equinix report, **80% of IT infrastructure investments** will be subscription-based by 2026, underscoring the dominance of "as-a-service" offerings and the opportunity to benefit from recurring revenue streams. To remain competitive, IT infrastructure providers must:

- **Develop scalable cloud capabilities** to meet dynamic customer needs.
- **Invest in operational efficiency** to handle increased service demand while maintaining quality.
- **Enhance customer retention** by leveraging the predictability of service models.
- **Expand hybrid infrastructure offerings**, integrating on-premises and cloud services for seamless customer experiences.

Businesses now expect faster deployment, transparent pricing, and tailored solutions, driving IT providers to shift away from "one-size-fits-all" models. Aligning with these cloud and subscription trends offers growth opportunities and a competitive edge.

3 Artificial Intelligence: Disrupting IT Infrastructure

AI is reshaping the IT infrastructure landscape by driving smarter, more efficient, and secure operations. Its ability to optimize energy usage, automate processes, and enhance cybersecurity positions it as a game-changer for the industry. Companies leveraging AI can unlock cost savings, improve performance, and meet evolving demands in an increasingly digital and competitive world.

Effect of AI on the IT Infrastructure Industry

Enhanced IT Efficiency, Offerings, and Services

AI is transforming IT infrastructure by driving efficiency, improving performance, and enhancing security:

- **Optimized Resource Management:** AI enhances energy usage, cooling systems, and power distribution to reduce costs and environmental impact.
- **Streamlined Operations:** Automates tasks like resource allocation, configuration, and monitoring, freeing up resources for innovation
- **Improved Cybersecurity:** Identifies and responds to anomalies in real-time, reducing the risk of cyberattacks and ensuring system integrity.



Short-run Effects

IT infrastructure companies at the forefront of AI will be able to have first-mover advantages by premium pricing for AI-driven solutions, as they offer differentiated value and meet the growing demand for advanced capabilities.



Long-run Effects

As AI adoption becomes widespread and commoditized, these services are likely to become industry standards, intensifying price competition and driving prices down

Source: Deloitte US

This underscores the transformative impact of AI on IT infrastructure companies. In the short run, leading in AI adoption and being a first mover allows companies to achieve premium pricing by offering advanced AI solutions. Over time, as AI-driven efficiencies and services become industry norms, companies must innovate and adapt to maintain a competitive edge in an increasingly price-sensitive market. Being proactive today is critical to securing long-term relevance in the market.

4 ESG: Environmental, Social, and Governance

The IT infrastructure industry is evolving as ESG priorities drive the need for greater sustainability and compliance. With data centers consuming more energy, the EU mandates data centers to adopt energy efficient solutions and transparency in reporting. Additionally, GDPR enforces strict data protection rules, driving companies to implement strong security measures and privacy-focused designs to stay compliant and competitive.

Environmental Trends for Data Centers

Energy and Electricity Consumption from Data Centers

The rapid growth of AI and data center operations is driving a significant rise in energy consumption. To illustrate:

- Data center power demand for data centers is projected to increase by **160%** by 2030.
- Data center power demand is expected to be **3.2%** of the total EU demand by 2030.
- Microsoft's supply chain emissions rose by **30.9%** in 2023, showcasing the energy needs.

New 2024 EU Regulation Mandated for Data Centers

A sustainability rating scheme for data centers mandates reporting on energy efficiency, environmental impact, and transparency. Specifically, data centers must report:

- Power Usage Effectiveness – measures energy efficiency.
- Water Usage efficiency – Assesses water consumption relative to IT energy usage.
- Energy Reuse Factor – Indicates the reuse of waste heat.
- Renewable Energy Factor – Measures the share of renewable energy in total consumption.

Source: Goldman Sachs, European Commission - Energy Efficiency Directive, and Reuters

The new EU sustainability regulations and rising energy demands will drive IT infrastructure companies to invest in energy-efficient technologies, and advanced monitoring systems to meet reporting and compliance standards. Companies are likely to prioritize sustainable and regulation-compliant colocation providers to reduce environmental impact and regulatory risk. While these shifts may increase costs, they can enhance competitiveness and align with growing ESG expectations.

GDPR

GDPR is essential for IT infrastructure companies as it enforces strict regulations on handling personal data, ensuring privacy and security. Compliance with these rules is crucial to avoid fines, reduce legal risks, and meet growing customer expectations for data protection. Businesses therefore seek IT infrastructure providers with GDPR expertise to safeguard their operations and ensure regulatory adherence. Providers that demonstrate strong compliance measures, such as localized data storage, privacy-by-design, and advanced security protocols, gain a competitive edge. This expertise positions them as trusted partners, attracting clients and enhancing their reputation in a market increasingly driven by data security priorities.

5 Talent Attraction and Retention

Attracting and retaining ICT specialists is critical for IT infrastructure companies to remain competitive and innovative. With demand for specialists outpacing supply, the industry faces a talent gap. This challenge is intensified by technological advancements, competition, and workforce expectations. For IT infrastructure companies, securing talent is not just about filling roles—it's essential for innovation, operational efficiency, and meeting the demands of the digital economy.

Human Resources Challenges in the EU ICT Sector



EU companies face difficulties with recruiting ICT specialists

62.8% of EU companies report challenges in hiring **ICT specialists**, highlighting the skills gap in the tech sector.



Retaining talent becomes increasingly difficult

High **demand**, **competition**, limited **progression opportunities**, and rapid **technological advancements** make talent retention a growing challenge.



Shortage of ICT specialist

The EU faces a projected shortage of **8 million ICT professionals** by 2030, hindering growth and innovation



Large companies face higher recruitment challenges

Large enterprises (**72.2%**) report slightly higher hiring difficulties compared to medium (**63.7%**) and small (**59.9%**) businesses.

Source: European Commission

The talent gap in the IT infrastructure sector, highlighted by the difficulty in hiring and retaining ICT specialists, poses significant challenges for businesses aiming to innovate and scale. With 62.8% of EU companies struggling to hire ICT talent and a projected shortfall of 8 million professionals by 2030, organizations must prioritize talent acquisition and retention strategies. Large enterprises, facing even higher hiring challenges, must adapt to rising competition for skilled professional

6 Consolidation in the IT Infrastructure Industry

The IT infrastructure segment has long been characterized by significant M&A activity, a trend LNP expects to continue. Acquisitions offer companies faster growth, access to new customers and markets, and the opportunity to acquire talent and expertise to address skill gaps. Additionally, larger companies benefit from higher valuations and economies of scale, making M&A a vital strategy for success in the IT infrastructure industry.

Growth

Acquisitions offer IT infrastructure companies a faster path to growth than organic growth, which often take years. Through M&A, businesses can scale operations, enhance capabilities, and boost revenue. This approach is attractive in an evolving market.

Customer & Market

M&A provides instant access to new customers and markets. Acquiring firms allows firms to leverage existing customers and create cross-selling opportunities, accelerating market penetration and strengthening their competitive position.

People & Experience

Acquisitions help companies fill skill gaps, gain experienced leadership, and add talent to their teams that aligns with strategic goals. This is especially crucial in areas like cloud computing and cybersecurity, where demand for expertise is high.

Company Size & Valuation

Larger companies achieve higher valuation multiples due to their stability and market influence. Increased scale enables them to compete for larger contracts and enterprise clients, further driving valuation. Additionally, achieving critical mass allows firms to absorb significant changes, such as advancements in AI and security, while delivering competitive services. They leverage end-to-end services, purchasing power, and nearshoring to enhance efficiency and profitability."

Active Investors

Strategic buyers		
 SENTIA LEAD THE WAY		
NORDLO		itm8
		
DanofficeIT	twoday	
	netIP	aeven
Private Equity Investors		
		
	CVC	AXCEL
Adelis Equity	NORDIC CAPITAL	

Economies of Scale

M&A allows companies to cut costs by consolidating operations, sharing resources, and leveraging synergies. This reduces overhead, streamlines workflows, and boosts profitability. Effective integration ensures significant operational and financial gains.

Impact on the Nordic M&A Market

M&A Drivers on the Buy-Side

In the context of IT infrastructure, we identify three key drivers that will shape buy-side acquisition strategies in the Nordic market

1 IaaS Models

The shift towards subscription-based revenue models, such as Infrastructure-as-a-Service (IaaS), is a significant factor influencing buy-side strategies. Companies with a strong foundation in subscription models—particularly those structured around year-long contracts—are highly attractive to buyers. Why? These companies offer predictable, recurring revenue streams, which mitigate the perceived risks of acquisition. By prioritizing firms with subscription models, buyers reduce financial risk and strengthen their portfolios with stable, long-term contracts.

2 Specialized Skills

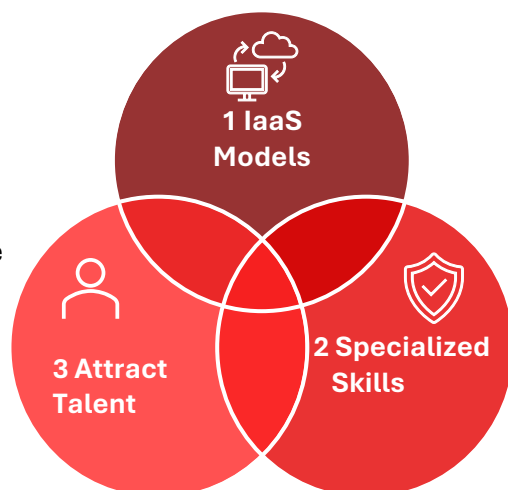
The increasing demand for IT security and artificial intelligence expertise makes companies with niche skills in these areas prime targets for acquisition. Rather than building these capabilities internally, buy-side firms see greater value in acquiring companies with established expertise. Businesses that demonstrate strong competencies in IT security and AI are not only well-positioned to meet current market demands but also offer faster integration and immediate impact, making them more desirable.

3 Talent Attraction & Retention

In addition to specialized skills, the ability to attract and retain top talent is equally critical. A company's employee retention is a strong indicator of stability and long-term success. Buyers place a premium on firms with low employee turnover, as it reduces the post-acquisition risk. Demonstrating a proven ability to retain employees, particularly in high-demand areas like IT security and AI, is therefore a key differentiator that adds significant value in M&A evaluations.

M&A Sell-side Takeaways

While these three factors are expected to be key factors in future IT infrastructure transactions, they do not imply that all must be perfectly aligned. Instead, they serve as guiding priorities for companies aiming to enhance their attractiveness to buyers. Focusing on any one of these areas can significantly boost a firm's attractiveness to potential investors. By refining subscription-based revenue models, and the demonstrating ability to attract and retain expertise especially within AI and cybersecurity, sell-side companies can strategically position themselves for future M&A opportunities, ultimately driving higher valuations and competitive leverage.



M&A Outlook & Recommendations

M&A Outlook 2025

Driven by disruptive technologies, evolving business models, and increasingly demanding customer expectations, we anticipate that the strong M&A activity observed in recent years will persist in the future - with undiminished force.

Our sell-side recommendations

Based on the present analysis, we have identified three factors that owners of small and medium-sized Nordic IT infrastructure companies should prioritize to be attractive to larger buyers in the market when the owners wish to exit. This could be driven by the need for increasing investments or significant organizational changes driven by technological, market, and competitive changes addressed in this whitepaper. It could also be a consequence of generational changes or personal and career-related wishes of the ownership group.

1 Develop Specialized Competencies

We see buyers prioritizing companies with specialized expertise, especially in areas they struggle to develop themselves. For this reason, if selling your company is part of your long-term vision, we recommend focusing on niche competencies. Our analysis highlights three critical areas to focus on: **AI, cybersecurity, and cloud**. These areas are expected to play an increasingly significant role in the IT infrastructure industry and are highly sought after by buyers. Building strength in these domains not only enhances your operational offerings but also positions your company as a more attractive acquisition target, potentially increasing your valuation in a future sales process.

2 Adopt Subscription-Based Business Models

Our analysis shows a clear shift toward subscription-based models like IaaS. Based on our expertise, we recommend aligning your business model with this industry trend, as buyers prefer companies with business models that closely align with their own, as this boost integration and accelerates post-acquisition synergies. Additionally, incorporating long-term contracts into a subscription-based model provides recurring revenue streams, offering buyers greater predictability and reduces acquisition risks. This stability not only strengthens your company's appeal but is also likely to increase your valuation.

3 Invest in Employee Retention

During the due diligence phase of a sales process, buyers carefully evaluate every aspect of a company's operations, including employee turnover. At LNP, we have often experienced that high employee turnover often raises red flags, particularly in knowledge-intensive industries like IT infrastructure. From the buyer's perspective, the risk of acquiring a company and then losing key employees shortly afterward is deterrent.

This challenge is even more significant based on our findings, which highlight difficulties in recruiting ICT specialists. As a result, talent attraction and retention become even more crucial competencies to poses. Therefore, Investing in employee satisfaction and retention can result in long-term benefits—not just for daily operations but also by increasing a company's appeal to buyers. A stable workforce significantly reduces acquisition risks and enhances overall attractiveness.

About the Author



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About the Author

Søren Steen Rasmussen is a seasoned corporate finance professional with over 25 years of experience in the ICT industry, specializing in M&A transactions and sell-side mandates. With expertise spanning executive management, venture capital, and board leadership, Søren has played a pivotal role in numerous cross-border M&A transactions. He excels in advising clients on exit strategies, owner strategies, and achieving optimal outcomes in negotiations. His passion lies in exceeding client expectations and driving impactful business transformations.

Achievements

- **October 2024:** Sale of Infrateam ApS to netIP
- **May 2024:** Sale of Businessmann A/S to DanofficeIT
- **March 2024:** Sale of JyskITpartner ApS to SAC-IT
- **April 2022:** Sale of Parera AB to Netsecurity
- **March 2021:** Sale of Easify AS to Visolit

Experience

- Partner, Vækstfonden
- Senior Director, Microsoft
- Vice President, Adobe
- Board Experience at 7N, Daman, Rokoko, IPVision, and more.
- CEO SundhedsDoktor
- CEO Bounty
- CEO, webCRM

Education

- BSc in Engineering, DTU
- HD in Organization and Strategic planning, CBS

About LNP Corporate Finance



LNP Corporate Finance, founded in 1998 and headquartered in Copenhagen, Denmark, with subsidiaries in Sweden, Norway, The UK and the Benelux region, is a cross-border M&A advisory firm specializing in the technology sector, with more than 100 executed published deals in these IT-segments:

- **Software**
- **IT Infrastructure**
- **IT Consulting**
- **Digital agencies**

LNP offers tailored services to IT business owners and investors, including sell-side M&A advisory and investment opportunities in the Nordic and Benelux regions. LNP's team comprises sector specialists with deep knowledge and insights into the IT industry, facilitating numerous successful transactions.