



SRS ACQUIOM M&A NEWSLETTER / JANUARY 16, 2025

Private-target M&A insights not available anywhere else.

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## 2025 M&A Trends to Watch

Introducing The Q, the new format for the SRS Acquiom newsletter, streamlined to deliver the quick insights you need on the latest data and trends in private-target M&A.

In this inaugural issue, we focus on key trends in the year to come.

- **The outlook for M&A in 2025:** We surveyed over 100 M&A professionals and distilled their perspective into our [2025 M&A Outlook Barometer](#).
- **Key deal terms trends:** We dug into the data on 200+ 2024 private-target deals and identified [three trends to watch](#) in 2025.

- **Potential tax rule changes:** Our tax experts analyzed potential changes to [keep you ahead of the curve](#).

“ 2025 might be when perceptions and realities fully converge in M&A—lower interest rates and a business-friendly setting together with pent up demand likely means more deals, increasing valuations, and highly engaged deal makers.”

Paul Koenig

CHIEF EXECUTIVE OFFICER, SRS ACQUIOM

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## 2025: M&A’s Comeback Year?

The SRS Acquiom [2025 M&A Outlook Barometer](#), a survey of over 100 M&A professionals, reveals cautious optimism heading into this year:

- 93% of respondents anticipate a **moderate or dramatic increase in M&A deal volume** , up from only 70% of respondents a year ago.
- 49% of respondents (more than 10% higher than last year) say they’re experiencing **more deal volume relative to a year ago** .
- More than half (56%) say that **Trump 2.0 will “materially improve ” M&A dealflow**.

“ Dealmakers should not necessarily expect a busier M&A market to translate to less complex deals. Buyers continue to dig in on diligence and push for post-closing protections like special escrows that take time to negotiate.”

Kip Wallen

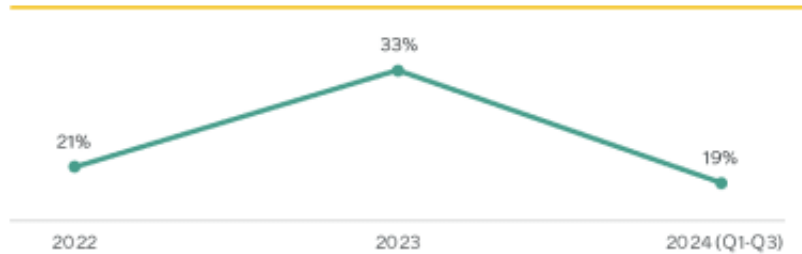
SENIOR DIRECTOR, THOUGHT LEADERSHIP, SRS ACQUIOM

## Fewer, Bigger Earnouts

[M&A Deal Terms: Three Trends to watch in 2025](#) reviewed more than 200 M&A private-target deals that closed by Q3 of 2024. This analysis revealed surprising earnout insights along with other key market shifts:

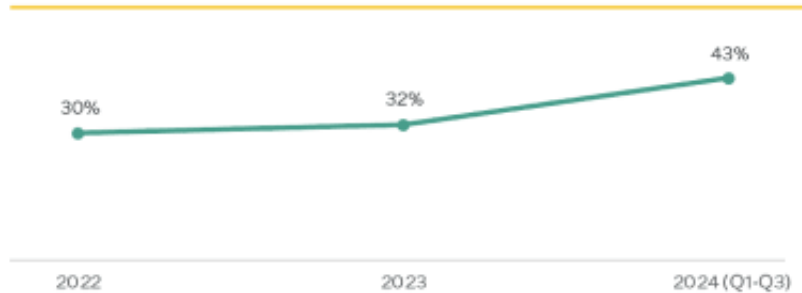
### Earnouts Frequency (Non-Life Sciences Deals)

EARNOUT INCLUDED



### Earnouts Size (Non-Life Sciences Deals)

MEDIAN EARNOUT POTENTIAL AS PERCENTAGE OF CLOSING PAYMENT



- **Fewer M&A deals included earnouts, but there are more dollars in play when they do.** Peaking in 2023, one in three deals (excluding life sciences) included an earnout. In 2024, earnouts returned to the historical norm of one of every five deals.
- Deals with earnouts saw a higher amount of contingent consideration, suggesting **valuation gaps persist in the current M&A environment.**

REVEAL THE REST

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## M&A Tax: 2025 Rule Changes

Stay ahead of ever-changing U.S. tax legislation and de-risk your deals with [our in-house tax team's insights](#) on potential rule changes coming in 2025.

- **Cloud computing tax claims** and their implications for businesses relying on usage or subscription fees
- How proposed state and local tax changes could **shift under a new administration**, and the potential for a pass-through entity tax in the interim
- What's on the horizon for **research and experimentation deduction allowances**
- The ins and outs of filing voluntary **disclosure agreements** when selling a business—reducing pre-closing tax liability and avoiding exorbitant penalties

READ IT HERE FIRST

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## Go Further

Discover more about earnouts in [A Review of Earnouts in M&A Transactions](#).

Advance Copy — [2025 Working Capital PPA Study](#): PPAs have become nearly ubiquitous, up from 50% of M&A deals only a decade ago to more than 90% today. Register to receive your copy of the 2025 Working Capital PPA Study later this month, before its release to the general public.

Nearly all M&A deals contain an escrow, too (92%). Find out more in [Deal Terms for M&A Escrows - Statistics and Key Findings](#).

TRANSACTIONS OF NOTE



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