# Private Equity Trends in Data Processing, Hosting, and Related Services

We analyzed [25 years of investment data](#) from our [M&A Research Database](#) to create a unique industry summary for Data Processing, Hosting, and Related Services.

## Overview

The Data Processing, Hosting, and Related Services industry is increasingly significant in the digital age, serving as the backbone for cloud computing, data management, and advanced analytics. This sector supports a broad range of industries, including finance, healthcare, retail, and manufacturing, by providing critical infrastructure to store, process, and secure vast amounts of data. Demand for innovation in cloud technology, cybersecurity, and data scalability is accelerating, driven by the exponential growth of digital transformation initiatives and the widespread adoption of IoT and AI solutions. Additionally, evolving data privacy regulations worldwide compel organizations to seek reliable and compliant hosting providers.

M&A activity in this sector is driven by the need to expand service portfolios, access cutting-edge technologies, and gain a competitive edge in emerging markets. Companies often pursue acquisitions to strengthen their capabilities in areas like AI-powered analytics, edge computing, and specialized cloud solutions. Consolidation is also prevalent, as firms look to achieve scale and enhance operational efficiency. For M&A professionals, the Data Processing, Hosting, and Related Services industry presents a robust landscape for strategic acquisitions, fuelled by its central role in powering innovation and ensuring data resilience in a rapidly evolving global economy.

## Sub-Sectors

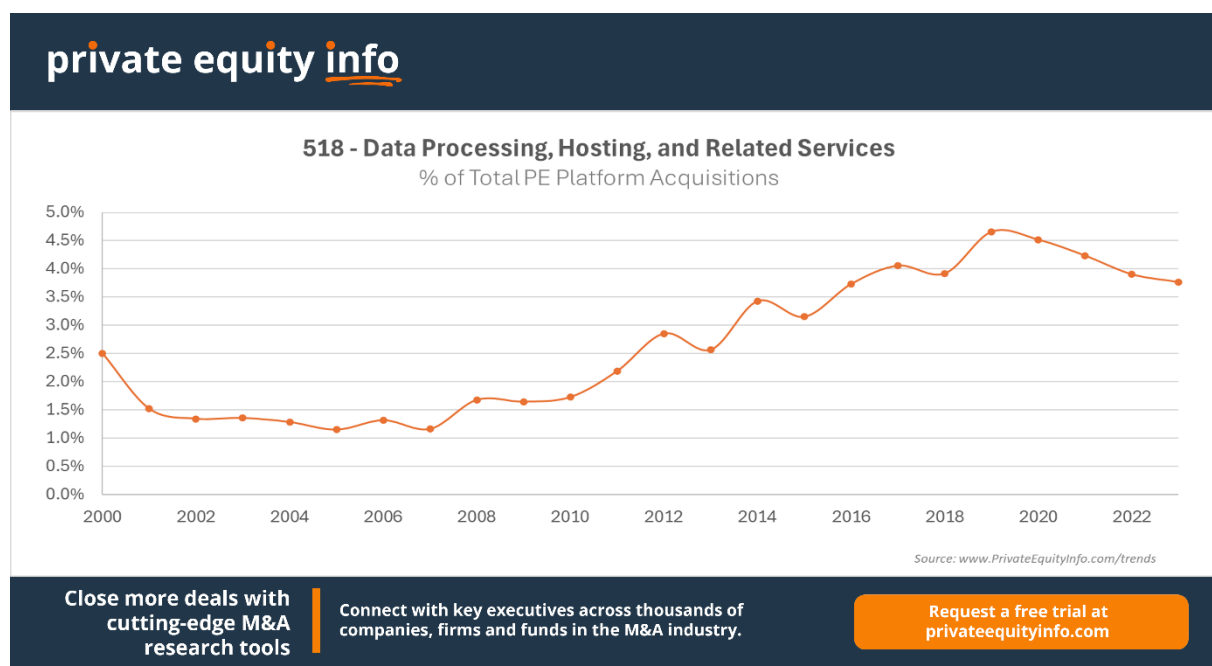| NAICS Code | Industry Description |
|---|---|
| 518 | Data Processing, Hosting, and Related Services |

## Historical PE Investments in Data Processing, Hosting, and Related Services

The graph showcases the percentage of total PE platform acquisitions in the Data Processing, Hosting, and Related Services sector from 2000 to 2022.

Early 2000's witnessed a decline in acquisitions in this sector, with percentages of total PE investments dipping below 1.5% between 2001 and 2007. This period likely reflects the initial burst of the dot-com bubble and the subsequent cautious investment strategies.

From 2008 onwards, the sector began to gain traction, aligning with the rise of cloud computing and increased data demands. The percentage of acquisitions rose steadily, peaking around 4.5% in 2019. This surge indicates a growing recognition of the sector's potential and its critical role in the digital economy. It is currently one of the top 10 industries as a total share of private equity investments, with the largest percentage of growth.

The future of Data Processing, Hosting, and Related Services in PE is promising with increased funding in the sector, increased M&A activity and a focus on AI and cybersecurity innovations. The sector's critical role ensures steady PE interest, driven by technological advancements and ever-increasing data demands.



### private equity info

**518 - Data Processing, Hosting, and Related Services**
% of Total PE Platform Acquisitions

Source: www.PrivateEquityInfo.com/trends

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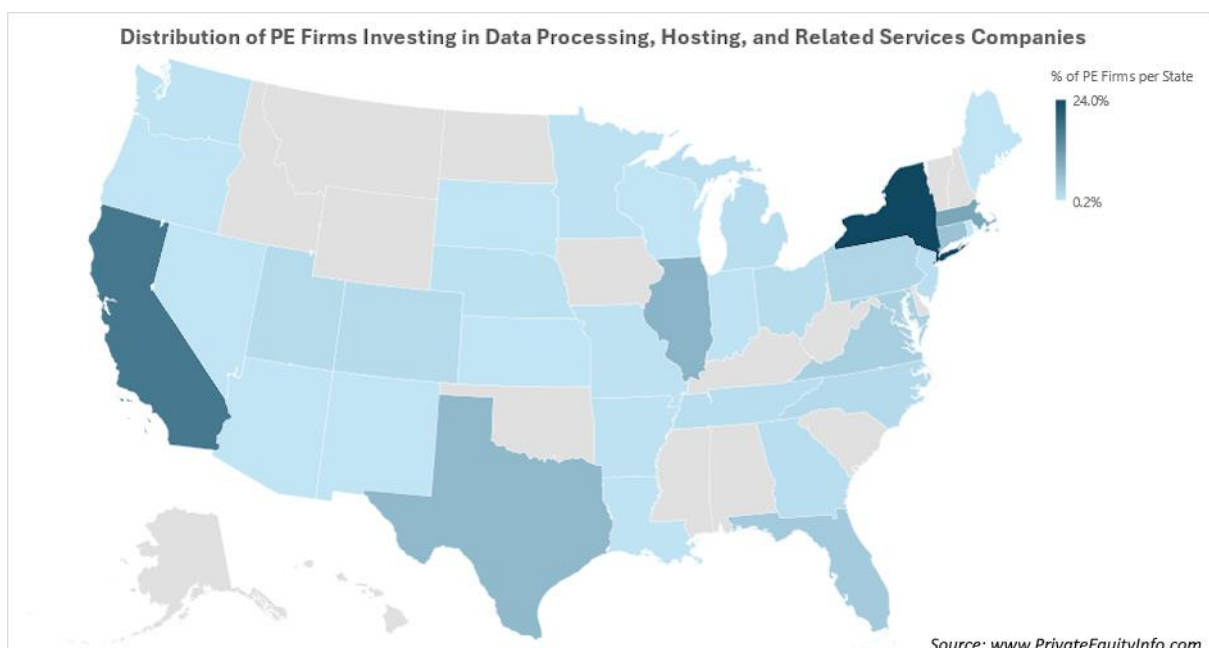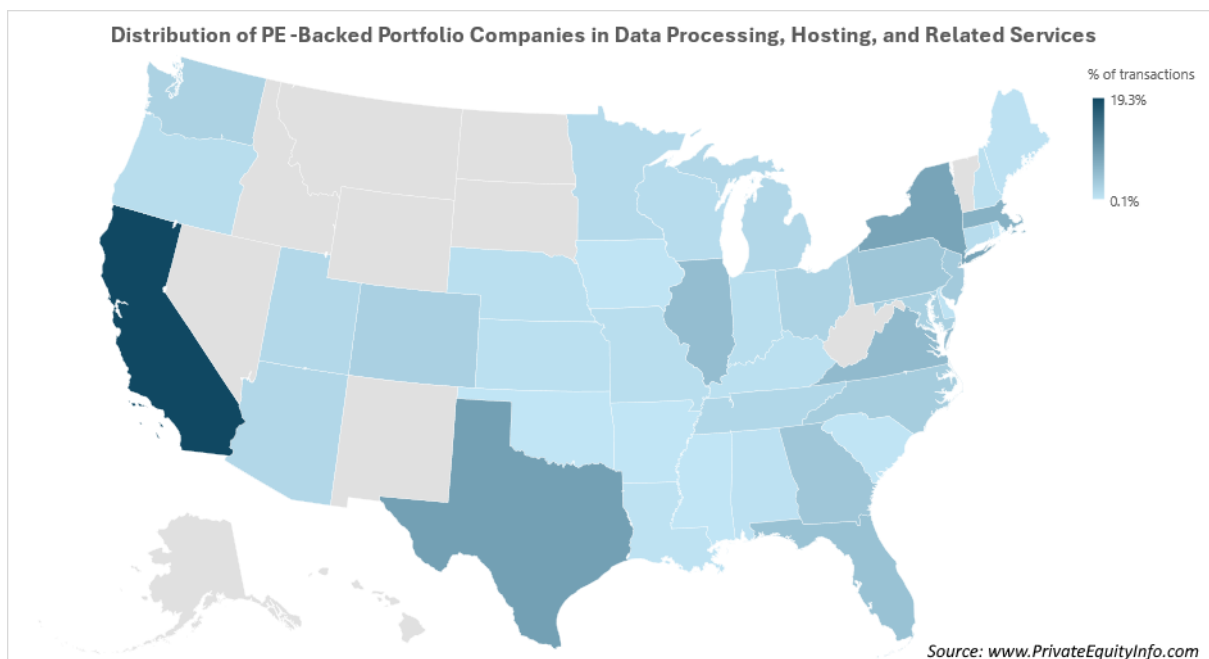
## Market Summary (2001 – 2024)

- 1,485 - Platform Investments
- 3,942 - Add-on Investments
- 736 - Total unique private equity firms invested

## Top 5 Private Equity Firms Invested in Data Processing, Hosting, and Related Services

Measured by the number of deals in the industry

1. Insight Partners *(New York, NY)*
2. Vista Equity Partners *(Austin, TX)*
3. Thoma Bravo *(Chicago, IL)*
4. JMI Equity *(Baltimore, MD)*
5. TA Associates *(Menlo Park, CA)*

## Geographical Distribution



Distribution of PE -Backed Portfolio Companies in Data Processing, Hosting, and Related Services

% of transactions
19.3%
0.1%

*Source: www.PrivateEquityInfo.com*



Distribution of PE Firms Investing in Data Processing, Hosting, and Related Services Companies

% of PE Firms per State
24.0%
0.2%

*Source: www.PrivateEquityInfo.com*

## Sample of Recent Private Equity Investments

**June 2024**

TA Associates completed a strategic growth investment in Solarity (*St. Louis, MO*).

*Solarity is a provider of automated clinical data processing solutions for acute and ambulatory healthcare providers.*

**June 2024**

Invictus Growth Partners acquired ThreatModeler (*Jersey City, NJ*).

*ThreatModeler is a Software-as-a-Service (SaaS) platform providing a comprehensive solution for enterprise development teams to design and deploy secure applications and cloud infrastructure.*

**May 2024**

KKR & Co. completed an investment in  Cotiviti (*Atlanta, GA*).

*Cotiviti, Inc. is a healthcare service provider that leverages data analytics and technology to limit costs and ensure regulatory compliance for various stakeholders in healthcare.*

**April 2024**

KKR & Co. acquired SunFire*(Boston, MA*).

*SunFire is a cloud-based technology platform focused on providing Medicare Advantage plan quoting and enrollment solutions for health plans and brokers, including both call centers and field marketing organizations.*

**April 2024**

Gemini Investors invested in AccuSearch (*Phoenix, AZ*).

*AccuSearch is a data services provider to the background screening industry.*