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GovTech 2025: The UK's next big tech opportunity?

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Contents

How public sector transformation is creating new markets for innovative tech companies.

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The UK GovTech sector is modernising public services through digitalisation, AI and advanced technologies including: case management, digital infrastructure, data analytics and citizen engagement tools.

Growth is driven by government investment, strategic modernisation and rising technology adoption, particularly in health, social care and public safety.

Despite broader economic uncertainties, ongoing innovation and public sector digital transformation underpin a cautiously optimistic outlook for growth and M&A activity.

Looking ahead to 2026, further consolidation is expected as companies pursue scale, complementary capabilities and stronger positioning in a competitive and rapidly evolving market.

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ASSOCIATE DIRECTOR,
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GovTech Market Overview
Outlook: Growth, modernisation and opportunity in UK GovTech

GovTech refers to the use of digital solutions to improve how public services are delivered to make them more efficient, transparent and user-friendly, as well as engage and aid in decision-making processes.

£26bn	Organisational Split:				
Annual public sector spend on digital technology[1]	**£11bn** Central Government	**£8bn** NHS	**£5bn** Local Government	**£1bn** Police	**£1bn** Rail, devolved transport, fire services and charitable organisations

GovTech leverages digitalisation and cutting-edge technologies to enhance the way public services are delivered and how citizens are able to engage with them. It covers a broad spectrum of innovations such as:

Areas of GovTech

Public Service Delivery	E-Government	Healthcare	Education
Internal Government Operations	Core Government systems	Workflow automation	Data Analytics & AI
Citizen Engagement & Transparency	Digital Engagement Platforms	Open Data Services	Blockchain Technology
Safety, Security & Urban Management	Cybersecurity	Public Safety	Smart Cities & Transport

Leading the charge in Europe, the UK GovTech sector has experienced steady growth over the last few years, particularly in health, social care and public safety. Growth is fuelled by increasing government investment (the UK public sector spends over £26 billion annually on digital technology[1]), a strategic push towards modernisation and increased technology adoption and innovation.

GovTech's momentum is opening multiple growth pathways for technology companies including:

Specialist innovation
Highly targeted solutions to public sector problems that deliver measurable outcomes aligned to outcomes-based funding.

Platform integration
Products and services that extend core government platforms and are designed for seamless integration with existing estates.

Cross-sector adaptation
Repurposing proven private sector technologies (cyber security, workflow automation etc.) to public sector standards and governance requirements.

Collaborative delivery
Partnering between agile innovators and established framework suppliers / integrators to combine speed with scale, distribution & assurance.

The UK GovTech market is fragmented and has seen a trend of consolidation throughout 2025, with larger players acquiring smaller, niche specialists to expand their offerings and broaden scale. With continued innovation, investment in artificial intelligence capabilities and a focus on public sector modernisation, the outlook for UK GovTech M&A remains cautiously optimistic despite broader economic and geopolitical uncertainties.

Key trends in UK GovTech

Government & procurement reform	Cloud adoption & move to -aaS models	Cyber security & digital resilience	Increased demand for data, AI & automation

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Market Trends

The future of UK GovTech is being driven by several market tailwinds

01 Government & procurement reform

The UK government is reforming public sector procurement to reduce dependence on a small group of large IT suppliers and foster innovation from SMEs and startups.

The Procurement Act 2023 (effective Feb-25) simplifies rules, embeds social value, and cuts bureaucracy, creating a more open and competitive GovTech marketplace.

Complementary initiatives such as the Digital Commercial Centre of Excellence and National Digital Exchange (NDX) are designed to streamline sourcing and improve transparency, aiming to unlock up to £1.2 billion in annual savings[1] and boost SME participation in government contracts by up to 40% within three years[1].

Together, these reforms are modernising how the public sector buys technology; prioritising agility, value for money and digital transformation.

02 Cloud adoption & move to as-a-service models

Public sector bodies are increasingly moving away from long, inflexible IT contracts toward cloud-hosted SaaS platforms and modular, as-a-service solutions.

Frameworks such as G-Cloud and marketplaces managed by the Crown Commercial Service (CCS) have accelerated this shift, opening up opportunities for SMEs.

This transition drives demand not only for the services themselves but for the integration, migration and ongoing support, as departments modernise legacy systems and adopt scalable, flexible digital solutions.

This trend also encourages innovation, with governmental bodies able to pilot new services, scale proven solutions quickly and reduce total cost of ownership.

The government has pledged to invest up to £10 billion in NHS technology and digital innovation alone by 2028-29[2].

03 Cyber security & digital resilience

Escalating cyber threats to public services (e.g. NHS ransomware attacks or Local Authority breaches) have made cybersecurity a top spending priority.

In 2024, the UK public sector awarded nearly £931 million in cybersecurity contracts, up 20% from £772 million in 2023[3].

Facing a sophisticated and rapidly evolving threat landscape, the government is shifting from reactive security measures to a more proactive, resilience-focused strategy.

Compliance with new standards, such as the UK's Cyber Security and Resilience Bill, is accelerating adoption of continuous monitoring, incident response, and secure cloud solutions across the public sector. Initiatives by the National Cyber Security Centre (NCSC), coupled with regulatory alignment to EU-inspired frameworks like NIS2, are further driving demand for GovTech solutions.

04 Increased demand for data, AI & automation

Demand is rising for data-driven, AI-powered and automated solutions within the public sector to increase productivity, improve efficiency, personalise services and strengthen decision-making.

UK central government conducts circa one billion citizen-facing transactions per year across 400 services, of which around 143 million are complex, repetitive transactions[4].

An estimated 84% are highly automatable[4], representing a huge opportunity to improve operational efficiencies and staff productivity.

This is driving demand for GovTech solutions that enable automation and data-driven analytics, as departments look to modernise legacy systems and streamline operations.

Persistent issues with legacy systems, poor data quality and fragmented infrastructure create opportunities for technology providers to address these challenges.

1. Gov.UK press release 'One stop shop for tech could save taxpayers £1.2 billion and overhaul how government buys digital tools'
2. UK Government Spending Review (June 2025)
3. Department for Science, Innovation and Technology

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GovTech Valuations & Investment Landscape

The GovTech Index presented below tracks a selection of B2B public sector focused listed companies across the UK and US

MEDIUM TERM MULTIPLE TRENDS FOR THE L3Y - EV/REVENUE(LTM)

GovTech Peer Group Median

Median: 3.5x
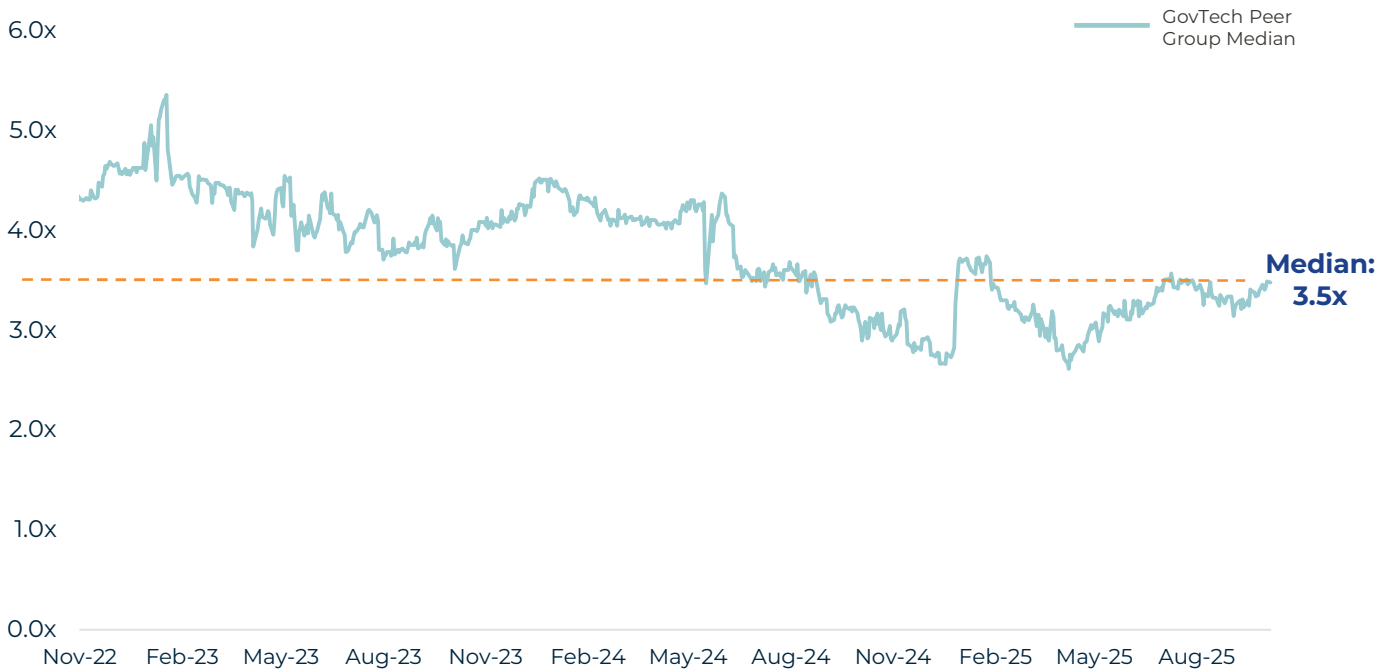
UK Investment Landscape

Trade buyers continue to acquire and consolidate within the sector to:
- broaden their capabilities
- secure key customers / contracts
- realise operational synergies

Investors remain interested in GovTech assets given the increasingly long-term nature and stickiness of public sector contracts, the fragmented nature of the market and the digital acceleration push from Government.

Select UK Strategic Acquirers	
Company	Acquisitions[1]
CIVICA	8
access	6
infoshare+	5
POLARIS	3
idox	3

Select UK Financial Investors	
Fund	Investments[2]
BOWMARK CAPITAL	3
YFM Equity Partners	3
Foresight	2
eci	2
SYNOVA	2

Source: CapIQ, MegaBuyte, MergerMarket and market intelligence
1. 1. Since January 2021
2. 2. Current investments

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Selected GovTech Transactions

Date	Target	Target Business Description	Acquirer
Sep-25	olm	SaaS platform delivering case management solutions to the UK social care and education services sectors	CIVICA
May-25	GOSS	Provider of web and digital self-service software solutions to local government organisations	AdvT
May-25	PLIANZ	AI-powered communication solutions to enhance citizen engagement and streamline public sector services	idox
Apr-25	induction healthcare	Provides communications software solutions targeted at healthcare professionals	vitalhub
Jan-25	altia.	Provides criminal investigation management software solutions, primarily to public sector services	BOWMARK CAPITAL
Jan-25	lookinglocal	Provides citizen self-service solutions to local authorities to enhance public sector services	infoshare+
Oct-24	CLARITY information solutions	Provider of software solutions specialising in road safety, enforcement and public sector process management	POLARIS
Oct-24	CIS Oncology	Provides automated chemotherapy prescribing and patient management systems	System C
Oct-24	BUCHANAN COMPUTING	Provides traffic engineering and highways management software solutions to UK local authorities	Causeway
Aug-24	GOVTECH AUTOMATION MADE SIMPLE	Provides digital process automation and data validation solutions for local government services	NETCALL
Jul-24	Agile	Provides software solutions that include planning, building control and land charges to local government	ieg GROUP
Jul-24	CAPITA one	Provides revenue & benefits, social housing and education management software to local authorities and housing associations	mri REAL ESTATE SOFTWARE
Jun-24	Wilmington Healthcare	Provides data-driven insights, training, publications and consultancy to support health and social care organisations	Inspirit CAPITAL
Apr-24	InPhase	Provides governance and compliance management solutions to health and regulated sectors	Ideagen
Jan-24	CHRONICLE SYSTEMS	Provides compliance software into police forces for high-risk assets	POLARIS
Jan-24	LinkSafe	Provides contractor management software solutions	CIVICA
Nov-23	Antser	Provides virtual reality, learning & development and support services to the health, education and social care sectors	YFM Equity Partners
Nov-23	CIVICA	Provides cloud-based software and related services to the public sector predominantly in the UK and Australia	Blackstone
Nov-23	Mayden	Provide cloud-based electronic patient record software for psychological therapy services delivered by the NHS and the private sector	G SQUARE HEALTHCARE PRIVATE EQUITY
Sep-23	Farthest Gate	Provides software that allows local authorities to streamline the management of permits and commercial licences	POLARIS

Source: Megabuyte, MergerMarket

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OLM Case Study

OLM Systems acquired by global GovTech leader Civica

olm was acquired by

CIVICA

Date Closed: September 2025
Deal Value: Undisclosed

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Selling a business like OLM Systems is highly personal, exciting and at times overwhelming. I can honestly say that Anthony, Paris, and the wider Cavendish team were instrumental in finding the right home for the company. They were with us every step of the way, providing invaluable advice and support throughout the process. Their expertise, professionalism and steady guidance made the entire journey smooth and successful."

PETER O'HARA MBE
Founder & CEO of OLM Systems

Target description

Founded: 1991 **HQ:** Teddington, UK

− OLM Systems (OLM) is a leading provider of case management software for social care and education services

− Recognising the need for technological disruption within these sectors, OLM took the decision to build the industry's first cloud-native SaaS platform for social care and adjacent markets called ECLIPSE

− ECLIPSE is the only person-centric, cloud-native platform that offers case management and finance functionality for both Children's and Adult Social Care

Buyer description

Founded: 2001 **HQ:** London, UK

− Civica is a global GovTech champion focused on developing critical cloud-based software solutions and services to the public sector

− It serves over 6,000 customers across central government, local government, education, health and social care

− Civica operates in seven countries across North America, Europe and APAC

− Backed by Blackstone (a global private equity firm) who acquired Civica back in May 2024 for an undisclosed amount

Deal details

− Cavendish ran a comprehensive process, engaging with both strategic trade buyers and global growth equity investors. The transaction not only delivered an excellent outcome for OLM's shareholders but brings a strategically important asset into Civica's business

− This acquisition will allow Civica to strengthen its extensive portfolio of local government solutions while providing OLM with the necessary scale and resources to accelerate the next phase of its expansion

− This in turn will increase support for local authorities at a time when social care provision, the single largest area of council expenditure, is under mounting financial and operational pressure

Cavendish GovTech deals

olm has been acquired by CIVICA **GOVTECH SOFTWARE**	Sava has been acquired by infoshare+ OMNI **GOVTECH SOFTWARE**	EIDO HEALTHCARE has been acquired by radar healthcare a portfolio company of MARLIN EQUITY PARTNERS **HEALTHTECH SOFTWARE**	CLARITY information solutions has been acquired by POLARIS a portfolio company of AUGUST equity **GOVTECH SOFTWARE**	ARCULUS CYBER SECURITY has been acquired by Bridewell a portfolio company of gcp **CYBER SERVICES TO PUBLIC SECTOR**

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Cavendish's Latest Technology Deals
24 technology transactions completed since January 2024

olm 🇬🇧
has been acquired by
CIVICA
GOVTECH SOFTWARE

North Edge. 🇬🇧
Advised on the investment of
oak engage
HCM SOFTWARE

alchemy 🇯🇵
has been acquired by
NTT Data
IT CONSULTANCY

DigitalXRAID 🇬🇧
has been acquired by
LIMERSTON CAPITAL
CYBER SERVICES

Sava 🇬🇧
has been acquired by
infoshare+
OMNI
GOVTECH SOFTWARE

zest 🇫🇮
has been acquired by
epassi
a portfolio company of
TA ASSOCIATES
HCM SOFTWARE

ShareDo 🇨🇦
has been acquired by
Clio
LEGALTECH SOFTWARE

EIDO HEALTHCARE 🇬🇧
has been acquired by
radar healthcare
a portfolio company of
MARLIN EQUITY PARTNERS
HEALTHTECH SOFTWARE

CLARITY information solutions 🇬🇧
has been acquired by
POLARIS
a portfolio company of
AUGUST equity
GOVTECH SOFTWARE

Atech 🇬🇧
has been acquired by
iomart
MANAGED SERVICES

GRC International Group 🇺🇸
Our expertise, your peace of mind
has been acquired by
BLOOM EQUITY PARTNERS
CYBER SERVICES

hanzo 🇬🇧
has received debt funding from
AG
EDISCOVERY SOFTWARE

Creative ITC 🇬🇧
has received minority investment from
LDC
MANAGED SERVICES

nfs technology 🇺🇸
has been acquired by
KORBYT
a portfolio company of
CLEARHAVEN PARTNERS
WORKSPACE MANAGEMENT SOFTWARE

INTELLIGENT ULTRASOUND 🇺🇸
for smarter scanning
has been acquired by
GE HealthCare
AI IMAGING SOFTWARE

on security 🇬🇧
received investment from
Gresham House VENTURES
CYBER SERVICES

IQGEO 🇺🇸
proposed takeover by
KKR
GEOSPATIAL SOFTWARE

sales-i 🇺🇸
has been acquired by
sugarcrm
a portfolio company of
AKKR ACCEL-KKR
CRM SOFTWARE

symatrix 🇺🇸
has been acquired by
AST
IT CONSULTANCY

ARCULUS CYBER SECURITY 🇬🇧
has been acquired by
Bridewell
a portfolio company of
gap
CYBER SERVICES

perkbox 🇺🇸
has been acquired by
vivup
Great Hill PARTNERS
HCM SOFTWARE

Sopheon 🇺🇸
has been acquired by
Wellspring
a portfolio company of
RESURGENS TECHNOLOGY PARTNERS
INNOVATION MANAGEMENT SOFTWARE

SILENT SENTINEL 🇺🇸
a Motorola Solutions Company
has been acquired by
MOTOROLA SOLUTIONS
DEFENCE TECHNOLOGY

SentryBay 🇬🇧
has been acquired by
PELICAN CAPITAL
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