

Tech sector hot, but no bubble: analyst study

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Dealmaking in the tech sector jumped last year to the highest levels since the dot-com boom, a consultancy report said Tuesday.

But the Ernst and Young [report](#) said the sector is not in "bubble" territory and that the vast majority of the [deals](#) over the past year were based on "reality-based" valuations.

The report counted 3,512 mergers or acquisitions in the [tech sector](#) in 2014, for a total value of \$237.6 billion, the highest figure since 2000.

The pace slowed a bit in the fourth quarter, with 959 deals and a total value of \$44.9 billion, EY said.

Around one-third of the value came from "cross-border deals," with companies from around the world snapping up US companies.

"Many buyers in other regions targeted US [technology companies](#) as part of a search for growth in an uncertain global economy," the report said.

EY analysts said 2015 will likely be another strong year for deals because of the prospects for innovation.

"Technologies that are transforming entire industries—or have the potential to do so—continue to drive technology M&A ([mergers and acquisitions](#))," the report said.

The report said that despite the surge in investment "it was no bubble."

"Despite the occasional 'moonshot' from a handful of deep-pocketed buyers, the vast majority of deals were measured in reality-based multiples of good-old-fashioned revenue, profit or cash flow," the EY report said.

"So while 2015 may not hit the same lofty highs as 2014, we fully expect another robust year of technology M&A in response to the transformations sweeping [technology](#) and rippling through all industries of the global economy."

The report said the largest investments came in the "Internet of Things," and semiconductors for various connected devices.

Other big segments included security, marketing and advertising and cloud-based services.

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