

KROLL

Industrial Technology & Engineered Products

Industry Insights – Q1 2025

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Executive Summary

Overview

- The integration of artificial intelligence (AI) is driven by organizations seeking to capture competitive advantages and optimize operations. Leading tech companies, such as the Magnificent Seven, continue to increase budgets for investment in cloud computing to better understand internal and external data and make decisions from those learnings. Organizations with higher-quality data and standardized processes can leverage AI to improve efficiency and quality control, accelerate R&D and significantly reduce go-to-market timing.
- Growth of AI creates the necessary expansion of data center facilities to store and handle large volumes of data needed to train and validate models. It also facilitates expansion of sub-industries supplying critical infrastructure components and services. Providers of data center climate solutions and liquid cooling solutions are seeing massive demand increases to address the rising heat requirements of high-performance computing (HPC) solutions.

73%

73% of surveyed executives indicate generative AI will be used to optimize their business models

\$1T

Blackstone expects \$1 trillion to be spent on building new data centers in the U.S. over the next five years

2.8%

The average vacancy rate of primary data center markets fell to a record-low 2.8% in 2024

14.5%

The global data center cooling market is expecting strong growth at a compound annual growth rate of 14.5% through 2032

WSJ

OpenAI, SoftBank and Oracle announced a joint venture to invest up to \$500B in AI infrastructure over the next four years, amid a boom in demand for AI computing.

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 **DONNELLY**
AN EQUANS COMPANY

Management of heating, ventilating and air-conditioning systems is a critical component of data center infrastructure, addressing the complex and ongoing challenges of climate control solutions.

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 **DCD**

Liquid cooling technologies have emerged as an innovative solution for heat removal and ensure the productivity of high-density computing systems at data centers.

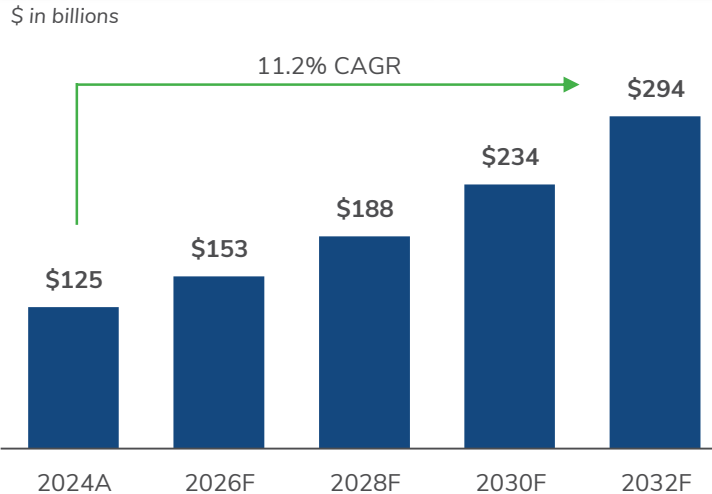
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Economic Corner – Trends in Data Centers

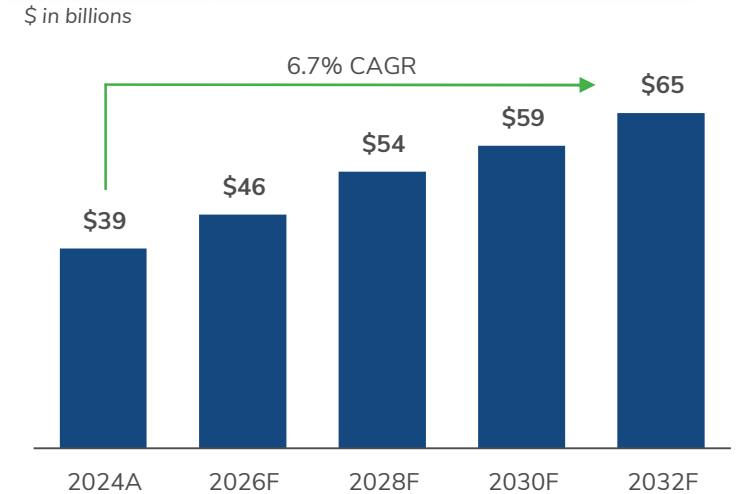
The expansion of data center facilities is a direct result of the new generation of AI

- Data center facilities are indispensable for managing, processing and storing large volumes of data
- Tech leaders, such as Amazon, Microsoft and Oracle are pouring significant investment into data center facilities to expand infrastructure and support AI and cloud technologies
- Continued expansion of data center facilities drives the development of critical infrastructure components to support the energy requirements of these facilities
- Rising costs, forecasting capacity requirements and the improvement of equipment energy performance are the top concerns of data center operators

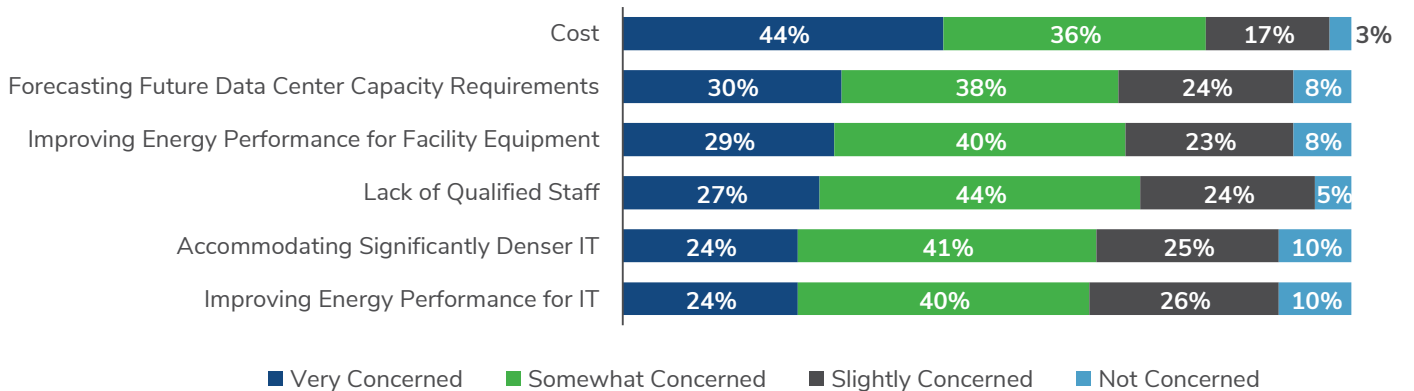
Global Data Center Market Size – 2024–2032



U.S. Data Center Market Size – 2024–2032



Top Concerns of Data Center Operators – 2024



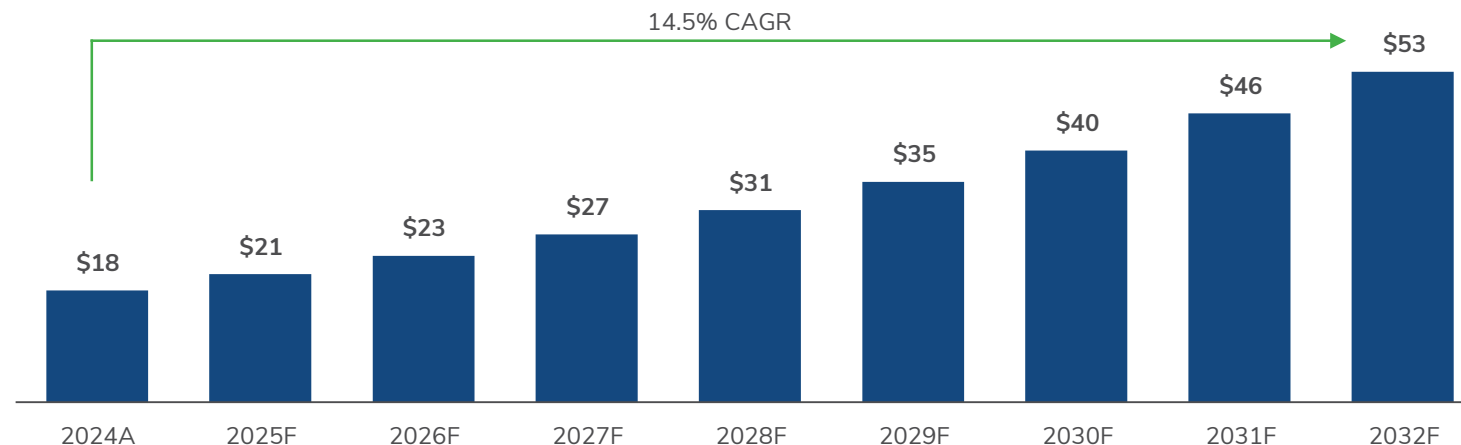
Economic Corner – Trends in Data Center Climate Control

Advancements in data center climate control are necessary to address the heat generation of cloud computing and AI

- Data center climate control addresses the need for efficient cooling solutions due to the substantial heat dissipation generated from HPC and new chip designs
- Approximately 80% of data centers utilize room-based cooling methods, indicating widespread adoption of conventional cooling solutions
- Innovation of cooling solutions is necessary to address rising costs; 50% of data center operating expenses are attributable to energy consumption
- One example of these innovations, liquid cooling systems, offers higher efficiencies and manages the heat generated from HPC, compared to air-based systems

Global Data Center Cooling Market Size – 2024–2032

\$ in billions



Recent Data Center Cooling M&A Activity – 2024

Target	Acquirer	Details	Company Description
		<ul style="list-style-type: none"> ▪ Date: October 2024 ▪ Headquarters: Lancaster, NY 	<ul style="list-style-type: none"> ▪ Leader in the engineering and manufacturing of liquid cooling solutions for thermal management applications
		<ul style="list-style-type: none"> ▪ Date: July 2024 ▪ Headquarters: Frederick, MD 	<ul style="list-style-type: none"> ▪ Manufactures heating and cooling equipment for mission critical applications in data centers and equipment control rooms
	Blackstone	<ul style="list-style-type: none"> ▪ Date: June 2024 ▪ Headquarters: St. Louis, MO 	<ul style="list-style-type: none"> ▪ Designs heating, ventilation and air-conditioning solutions for industrial, commercial and residential applications

Note: CAGR = compound annual growth rate

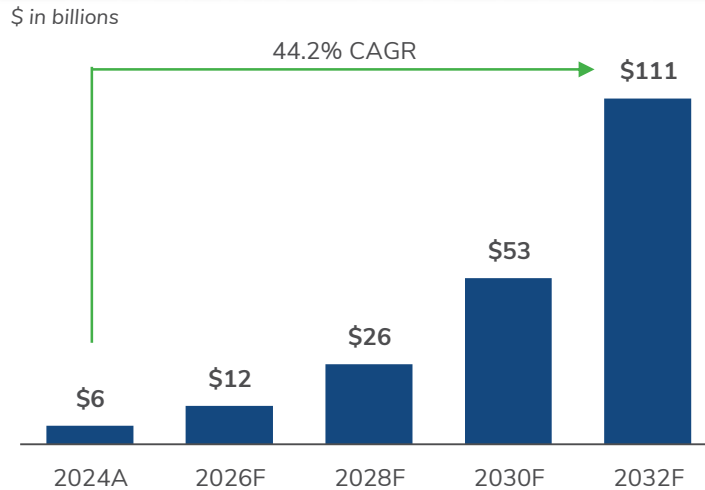
Sources: Capital IQ, Capstone Partners, Market.US, Mergermarket, TechTarget

Economic Corner – Trends in AI and Manufacturing

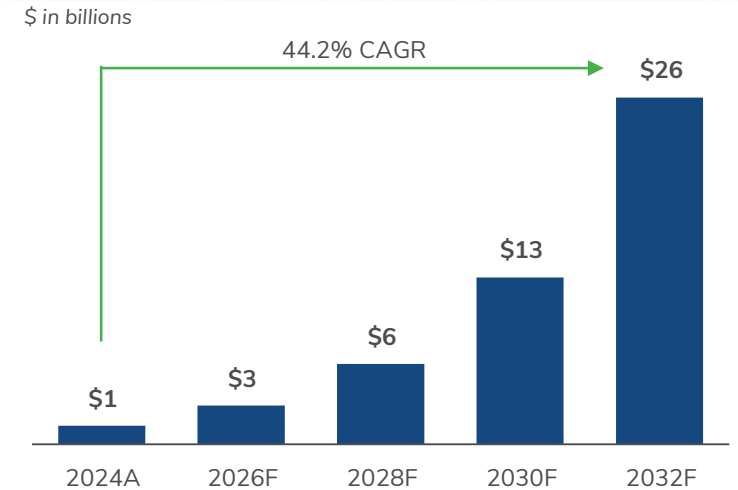
AI integration is transforming manufacturing processes by reducing costs and enhancing efficiency and product innovation

- By leveraging machine learning, robotics and data analytics, manufacturers can predict maintenance needs, optimize supply chains, minimize downtime and create optimal production environments
- Approximately 77% of 369 surveyed manufacturers have integrated AI into their operations, while 82% intend to increase budgets for AI spending in 2025
- Increased automation capabilities in manufacturing processes will require an adaptable workforce equipped with specialized training to operate and maintain AI-enabled equipment and systems

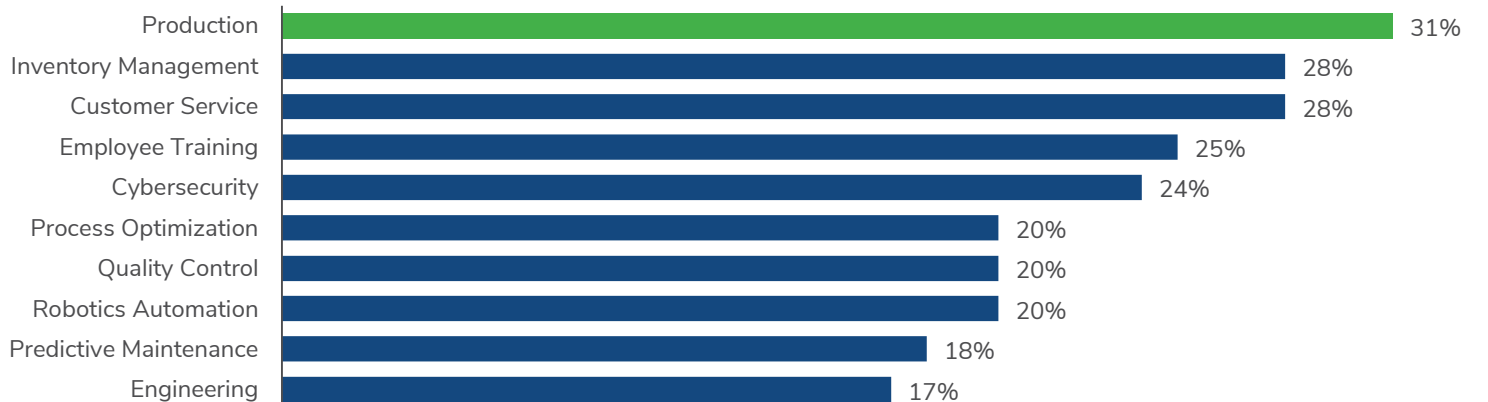
AI in Manufacturing Market – 2024–2032



U.S. AI in Manufacturing Market – 2024–2032



Leading AI Applications Utilized by Manufacturing Organizations – 2024



Relevant Kroll Experience

Select Experience in the Industrial Technology Sector

Selected Case Studies

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a portfolio company of



has been acquired by



T-TEK Material Handling is a premier manufacturer and service provider of custom-built automated end-of-line packaging equipment, including palletizers, depalletizers, robotic systems, conveyors and complete lines. The company's automation solutions are designed to enhance operations for high-volume and high-speed operations.

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CSI Palletising is a provider of end-of-line and multi-line palletizers, case transport and pallet handling systems, as well as integration services, specialist in-house software and a full-suite of aftermarket services. The company supports a diverse range of industries, helping customers enhance their material handling operations through world-class palletizing solutions.

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has been acquired by



TAPCO is a manufacturer, distributor and national service provider of intelligent transportation systems that create safer, smarter intersections, crosswalks and roadways. The company is a proven innovator of intelligent transportation systems related to new connected products and smart city software.

Additional Industrial Technology & Engineered Products Experience

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For more information, please contact:



Steve Burt

Global Head of M&A Advisory
Chicago
+1 312-697-4620
steve.burt@kroll.com



David Althoff

Global Head of Diversified Industrials M&A
Chicago
+1 312-697-4625
david.althoff@kroll.com



Jeffrey McNamara

Managing Director, Diversified Industrials M&A
Chicago
+1 312-697-4638
jeffrey.mcnamara@kroll.com



Dr. Howard E. Johnson

Managing Director, Canadian M&A Advisory
Toronto
+1 416-597-4500
howard.johnson@kroll.com



Andreas Stoecklin

Head of Corporate Finance, EMEA
Frankfurt
+49 69 719184 0
andreas.stoecklin@kroll.com



Dafydd Evans

Managing Director, United Kingdom M&A Advisory
London
+44 20 7089 4840
dafydd.evans@kroll.com

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