

# Capstone Partners Reports: Cost-Saving Technology Drives Training & Simulation Mergers and Acquisitions

BOSTON, MA, U.S., August 1, 2024 /EINPresswire.com/ -- Capstone Partners, a leading middle market investment banking firm, released its August 2024 Training & Simulation Sector Update, reporting that merger and acquisition (M&A) volume in the sector has grown, especially as training and simulation companies have seen increased demand for virtual training solutions across the Healthcare landscape.



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*Ted Polk, Managing Director,  
Capstone Partners*

Deal activity in the sector through year-to-date (YTD) has marginally surpassed the prior year period due to secular growth trends across Pilot Training, Military Simulation, and Medical Simulation (MedSim) end markets. Training & Simulation M&A has risen 23.1% year-over-year (YOY) to 16 deals announced or completed. Transaction levels in the sector have run contrary to broader dealmaking trends, which have seen a 7% decrease YOY in volume through YTD across all enterprise value ranges.

Increased sector consolidation amid a broader downcycle for M&A activity can be attributed to secular growth trends such as the persistent demand for cost-effective pilot training and heightened commercial air travel, as the M&A market eyes a comeback following a 24-month period of depressed volume.

Training & Simulation sector M&A has improved YOY despite the complete absence of private equity platform transactions, pointing to the strength of overall buyer interest in the sector. Private equity buyers have largely remained on the sidelines over the past two years, negatively affecting deal flow in sectors that rely on sponsor-led transactions for healthy consolidation.

The Training & Simulation sector has been able to weather the private equity exodus through robust M&A interest from strategic buyers who have comprised 50% of all sector deals to-date. Strategic buyers have been diverse in their acquisition pursuits through YTD 2024, targeting multiple high-growth end markets. Although platform acquisitions in the sector have been non-existent through YTD, financial buyers have continued to consolidate the sector through add-on acquisitions, which has accounted for the other 50% of sector deals.

The need for improved healthcare education costs and efficiencies has fostered increased adoption of virtual reality simulation training, driving growth in the MedSim segment. Compared to the use of high-fidelity training in healthcare education, which involves the use of sophisticated life-like mannequins, virtual reality (VR) simulation training has been found to be less expensive and more effective. Supply and demand imbalances among physicians have contributed to the demand for VR training to improve educational outcomes. A projected shortage of qualified physicians and an aging U.S. population has led to the imbalance in demand.

"In the MedSim arena, we are seeing more and more military-focused players extending their technology reach into the Commercial sector. Ironically, the total addressable markets on the commercial side of the market are often larger than the Military markets," said Capstone Managing Director [Ted Polk](#), the lead contributor in the newly released report.

Also included in this report:

- A breakdown of notable MedSim segment transactions.
- Recent transactions across the broader sector.
- Capstone's [advised financing](#) of a senior credit facility for helicopter simulation training provider, AVT Simulation.

To access to full report, [click here](#).

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