

Edge Computing M&A Trends in 2024: An overview

Over $6 billion has been invested in the edge computing ecosystem in 2024 because edge is driving innovation across AI, generative AI, and other data-intensive technologies by bringing computing closer to the data source. This article explores key investment trends in edge computing companies in 2024, focusing on the trends that are driving the activity, while offering insights into what lies ahead in 2025.

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November 2024

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Edge computing has rapidly evolved into a critical enabler for cutting-edge applications in artificial intelligence (AI), generative AI (GenAI), and other data-intensive operations. By decentralising data processing and bringing computing power closer to where it is needed, edge computing has unlocked new opportunities for real-time, intelligent, decision-making to enhance operational efficiency. This article summarises insights from a recently published report analysing edge computing investment trends in 2024.

Overview of edge computing investments in 2024

2024 was a record-breaking year for edge computing investments, with the total value exceeding $6 billion, the highest annual figure to date. The year saw notable growth in mid- and late-stage venture capital investments, along with increased M&A activity, reflecting a maturing market and rising confidence among investors in edge computing's transformative potential.

The United States dominated the edge computing investment landscape, with all three of the largest transactions recorded there, these were all focused on building out edge infrastructure:

1. **EdgeConneX ($1.9 billion debt financing):** EdgeConneX is an operator of purpose-built and build-to-order data centres. This deal aimed to fund the company's expansion of AI-ready infrastructure in EMEA.
2. **Cologix ($1.5 billion debt and equity financing):** Cologix is an operator of data centers intended for network-neutral interconnection and colocation services. Funds were allocated to develop new data centres in North America, supporting the surging demand for AI and hybrid cloud infrastructure.
3. **DC Blox ($650 million debt and equity financing):** DC Blox is a company building tier-3 data centres by using a proprietary enclosure technology. Targeted towards energy-efficient data centres, this deal exemplifies the intersection of infrastructure growth and sustainability goals.

Edge computing investments in 2024 have been heavily concentrated on edge infrastructure, particularly data centres, which received an outsized share of capital. 74% of investment value went towards edge DC facilities, despite these representing a relatively small segment of the overall edge market. This demonstrates the high demand for robust, scalable infrastructure to support growing use cases like AI and hybrid cloud.

In contrast, investments in the application layer – which accounts for more than 70% of the total market revenue – were relatively modest, with under 20% of funding directed towards application companies. This indicates a significant untapped opportunity for investors to focus on edge-enabled applications, leveraging new infrastructure to drive innovation and unlock further value.

AI boom and edge infrastructure

Artificial intelligence continues to drive a significant share of edge computing investments. AI workloads, particularly in inferencing and real-time data processing, demand the high-density, low-latency capabilities that edge infrastructure provides. As a result, edge computing is becoming an essential component of the AI value chain. Late-stage venture capital funding for companies like Crusoe, which focuses on GPU-powered edge data centre facilities for AI and high-performance computing, illustrates this growing trend.

By 2028, more than 50% of cloud computing resources are expected to be dedicated to AI workloads, with a notable shift towards combined cloud-edge models. These models combine centralised and decentralised processing to optimise performance, enabling applications like autonomous vehicles, drone navigation, and smart city traffic management.

Sustainability as a strategic imperative

Sustainability has emerged as a crucial driver of investment in edge computing, as companies and investors and customers of compute increasingly focus on ESG goals. Edge data centres are particularly well-suited for

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green innovation, as unlike hyperscale data centres they are more likely to leverage local renewable energy sources or be able to reuse waste heat energy for projects like community heating.

Edge platforms: the cornerstone of application innovation

In 2024, nearly a quarter of all edge computing investments went into platforms. These platforms serve as essential interfaces between hardware and software, offering capabilities that traditional cloud platforms have struggled to extend to the edge. They provide solutions for managing dispersed and heterogeneous environments – across geographies and infrastructure type.

Edge platforms are also increasingly viewed as a cost-effective way to modernise legacy distributed IT without replacing hardware entirely, which appeals to industries like retail, education, and hospitality. Their ability to scale efficiently also makes them well-suited for Industrial IoT use cases, where massive data volumes need processing closer to the source. For instance, H&M's strategic investment in Avassa, an edge application platform, highlights how businesses see edge platforms as an essential part of their transformation strategy.

Outlook for 2025: What lies ahead

Looking ahead, the edge computing sector is expected to see continued growth and evolution in 2025. Building on the foundations laid in 2024, four key trends are set to define the industry's trajectory:

1. **Continued consolidation of infrastructure players**

The consolidation of edge computing infrastructure will continue as regional players like nLighten, AtlasEdge, and Data Centre United acquire assets to scale and compete globally. This trend reflects the growing demand for robust, low-latency infrastructure to support advanced applications, particularly in AI and data-intensive operations. However, other segments of the edge value chain, such as platforms and processors, are likely to remain fragmented.

2. **Expansion of edge applications**

With edge infrastructure in place, developers will increasingly focus on creating edge-enabled applications that address industry-specific needs. These include AI-powered applications for smart city traffic management, advanced predictive maintenance, and precision monitoring. The application layer is expected to grow at an outsized rate compared to other parts of the edge value chain.

3. **Increased vertical integration**

Companies across industries such as retail, automotive, and manufacturing are recognising the critical role of edge computing in enabling data-driven operations. These "vertical giants" are expected to increase their strategic investments or acquisitions in edge technologies to bolster capabilities and address industry-specific challenges, such as sovereignty and latency. Deals like H&M's investment in Avassa are indicative of this trend.

4. **AI and sustainability as key investment drivers**

AI and sustainability will continue to shape the direction of investments in edge computing. AI-enabled solutions, particularly those requiring real-time inferencing and processing, will drive infrastructure demand. Simultaneously, sustainable edge solutions, such as those leveraging renewable energy or recycling byproduct energy, will attract green capital and support sustainability-driven strategies.

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