



WHITE PAPER

When the Large Players Acquire the Small Ones

Consolidation and M&A in electronics manufacturing – what the trend towards larger entities means for OEMs

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Executive Summary

Electronics manufacturing has been undergoing increasing consolidation for some time. Large Electronics Manufacturing Services (EMS) providers are deliberately acquiring smaller, specialized companies in order to gain capacity, certifications and technological expertise more quickly than would be possible through organic growth. Two recent transactions are illustrative of this development and form part of a broader pattern affecting several important segments of the industry.

For OEMs, this is noticeably changing the landscape of available manufacturing partners. Fewer but larger providers may mean greater negotiating power on the supplier side, but they can also create new opportunities in terms of scale, access to technology and geographic coverage. This document examines the current wave of consolidation, explains its drivers and derives practical implications for OEM sourcing strategies.

The Wave of Consolidation – A Market Overview

Acquisitions are not a new phenomenon in electronics manufacturing. What is new, however, is the pace at which they are currently taking place and the direction in which many of the larger deals are pointing. Rather than simply expanding capacity, companies are increasingly acquiring capabilities that would take years to develop in-house – such as high-frequency technology, space electronics, safety-critical certifications or specialized testing procedures.

This development is being driven by several factors simultaneously. Demand from defense, aerospace and data center infrastructure is growing significantly in important market segments, increasing pressure on providers to expand capacity and technological capabilities. Regulatory requirements such as ITAR registration, export control requirements or industry-specific certifications make companies that already meet these requirements particularly attractive acquisition targets. At the same time, niches with higher value creation, specialized technologies and more stable demand are becoming increasingly attractive to strategic buyers.

Two Recent Examples, One Recurring Pattern

TTM Technologies, one of the leading North American providers of printed circuit boards and integrated electronics, signed a definitive agreement in August 2026 to acquire Epiq Solutions for approximately US\$1.1 billion. Epiq Solutions specializes in software-defined radio systems, high-performance RF products and space-qualified computing solutions for defense and intelligence applications. The transaction follows other planned or agreed TTM acquisitions, including Swiss Technology Group in Zurich and ILFA in Hanover, and underscores TTM's strategy of selectively expanding its technological capabilities, vertical integration and geographic presence.

At almost the same time, NEOTech, a portfolio company of private equity investor Arkview Capital, completed the acquisition of Virtex. Virtex operates five manufacturing sites in the United States and specializes in high-reliability electronics manufacturing for defense customers. The combination creates a provider with eleven sites and more than 2,500 employees. Unlike TTM, the consolidation here is not driven by a publicly listed strategic buyer but by a financial investor. Arkview is thereby pursuing the creation of a larger, geographically diversified manufacturing platform.

Both cases are representative of two different but related consolidation strategies. In the first case, an established strategic provider is selectively acquiring technology and market access. In the second, a financial investor is building a larger platform through multiple acquisitions. Both approaches result in a greater concentration of capabilities and capacity within larger entities.

EMS Industry Consolidation: Two Strategic Pathways

Market Trends and Key Transactions in Electronics Manufacturing (August/September 2026)

PATH 1: STRATEGIC BUYER

Example: TTM Technologies (NASDAQ: TTTI)

Strategic Focus:

- Rapid acquisition of technologically advanced niches
- Immediate vertical integration & geographic expansion

Key Deal: Epiq Solutions (~\$1.1 Billion)

- Agreement Date: August 2026 (Closing Q4 2026)
- Technology: AI-enabled Software-Defined Radio (SDR), high-performance RF, space-tolerant compute
- End Markets: Defense, Space, Intelligence, EW

Geographic Footprint Expansion (Europe):

- Planned acquisitions of Swiss Technology Group (Zurich) and ILFA GmbH (Hannover) to establish European presence
- Targeted close: Q3 2026 (Medical & Aerospace sectors)

PATH 2: FINANCIAL PLATFORM

Example: NEOTech (Arkview Capital Portfolio)

Strategic Focus:

- Roll-up of regional high-reliability EMS providers
- Building a large-scale, overregional manufacturing platform

Key Deal: Virtex Acquisition (Completed)

- Completion Date: August 6, 2026
- Consolidated Scale: 11 facilities, 2,500+ employees
- Target segment: High-mix, low-to-medium volume
- Capabilities: ITAR-registered domestic manufacturing

Strategic Outcome for OEM Customers:

- Resilient domestic defense supply chain under one roof
- Broader engineering lifecycle support (design to test)
- Access to multi-site redundancy across the US

Source: EMS Strategy Group White Paper (September 2026) / SEC Filings

Assessment

The two examples are not outliers but form part of a consolidation trend in the EMS and electronics manufacturing market that has been visible for several years. Current transactions through 2026 show that companies are increasingly acquiring not only capacity, but also specialized technologies, certifications, geographic presence and access to attractive end markets. For OEMs, this means that the ownership structure of a manufacturing partner should now be part of every serious supplier assessment.

Implications for Acquiring Companies

For the acquiring provider, the appeal of an acquisition is obvious. Economies of scale can reduce unit costs in procurement and administration, a broader site network increases geographic flexibility towards customers, and access to certifications or specialized technologies can be achieved in months rather than years. Larger entities can also more easily support investments in automation and advanced manufacturing technologies across a broader revenue and customer base.

These advantages are accompanied by operational risks that can be underestimated in practice. Integrating different quality systems, ERP environments and corporate cultures ties up management capacity for months. In acquisitions in safety-critical areas, additional approval procedures and export control requirements can also arise, potentially eroding part of the expected time advantage over organic growth.

The economic success of an acquisition therefore depends not only on the purchase price or strategic fit. What matters is whether the acquired capabilities can actually be integrated into the existing network without compromising the quality, delivery performance or technological independence of the acquired company.

Implications for Smaller Providers and OEM Customers

From the perspective of smaller, independent EMS companies, the competitive environment is shifting. Those that do not themselves become acquisition targets increasingly compete in individual market segments with providers that have a larger capital base, broader certification portfolios and greater bargaining power in material procurement. For family-owned manufacturers, a sale to a strategic buyer or financial investor can also represent a realistic option for succession planning.

For OEMs, the effect is two-sided. Larger manufacturing partners provide access to greater capacity, multiple sites and a broader range of technologies under a single contractual framework. At the same time, the number of independent alternatives in a particular segment may decline. This becomes particularly relevant when an OEM depends on specific certifications, technologies or processes and only a limited number of qualified providers are available at short notice.

Increasing market concentration can therefore change the competitive conditions and bargaining power of market participants. For OEMs, the absolute size of an EMS provider is less important than the question of how many genuinely qualified alternatives are available for a particular assembly or technology.

Another potential effect concerns innovation and product diversity. When a large provider acquires a technologically leading competitor, its development program will not necessarily be continued unchanged. It may be integrated into the buyer's product strategy, consolidated or discontinued if overlaps with existing offerings arise.

Competition economics research describes such a pattern under the term "killer acquisition." In the pharmaceutical industry, empirical research has examined how innovative projects may be discontinued after an acquisition, particularly when they compete with existing products of the buyer. Whether a comparable effect occurs in electronics manufacturing, however, depends on market structure, technology and integration strategy.

Not every acquisition has a negative impact. Research on corporate mergers also shows that M&A can increase the innovation performance of an acquired company, for example through access to additional development resources, knowledge, capital and international distribution structures. The decisive factor is less the acquisition itself than how the buyer subsequently uses the acquired capabilities.

Assessment

Consolidation is neither inherently good nor bad for OEMs. What matters is how concentrated a market segment relevant to the OEM's requirements already is and how dependent its own supply chain is on precisely those capabilities that are being redistributed through an acquisition. Those who do not regularly assess these questions for their key suppliers are more likely to be surprised by changes in the supplier portfolio than prepared for them.

Strategic Implications for OEMs

Several practical areas of action can be derived from the dynamics described above and implemented regardless of the company's own size.

Review Ownership Structure and Group Affiliation

The ownership structure of every strategically important EMS partner should be reviewed regularly, not only once during supplier selection. Announced acquisitions, investments and changes in corporate strategy are also relevant.

Secure Dual or Multi-Sourcing

Where a market segment is already moving towards a small number of qualified providers, a second source should not be established only after an acquisition or supply problem has occurred. This is particularly important for proprietary manufacturing processes and technologies that are difficult to substitute.

Actively Negotiate Change-of-Control Clauses

Contracts should contain provisions covering changes in ownership. In particular, price adjustments, exclusivity, site relocations, continuation of specific services and information obligations may be relevant.

Monitor the Succession Situation of Smaller Partners

For smaller, specialized manufacturing partners, it may be advisable to address succession planning at an early stage. A change in ownership does not necessarily result from financial difficulties; it may also be triggered by the absence of an internal succession arrangement.

Use Consolidation as an Opportunity

An acquisition does not automatically have to represent a risk. If an existing partner gains new sites, technologies or certifications through a merger, this can provide additional strategic value for the OEM. The decisive question is whether these new capabilities will actually remain accessible.

Conclusion

The acquisition of Epiq Solutions by TTM Technologies and of Virtex by NEOTech are two visible examples of a development that has already been underway in electronics manufacturing for several years. Larger providers are acquiring not only capacity, but increasingly also technology, certifications, geographic presence and access to attractive markets.

For smaller manufacturers, this increases the pressure to clarify their technological position and succession strategy at an early stage. For OEMs, the primary change concerns the structure of their supplier base. The decisive factor is not whether an EMS provider is large or small, but whether sufficient independent alternatives remain available for critical products and technologies.

Those who regularly monitor the ownership structure, market concentration and strategic development of their key manufacturing partners and link this information to their own sourcing strategy will retain the necessary freedom of choice even in a consolidated market environment.

Further Reading

The following sources are suitable for readers who wish to explore the economic and competition-policy background to corporate acquisitions and market concentration in greater depth.

OECD – Economic Analysis in Merger Investigations

Comprehensive overview of the economic methods used by competition authorities to assess the effects of acquisitions on prices, market concentration and competition.

Source: OECD, *Economic Analysis in Merger Investigations*.

OECD – A Decade of OECD Competition Trends, Data and Insights

Current overview of developments in merger and competition policy and the growing importance of factors such as innovation, market power and concentration.

Source: OECD, *A Decade of OECD Competition Trends, Data and Insights* (2025).

OECD – Unleashing SME Potential to Scale Up

The study examines growth barriers and scaling strategies for small and medium-sized enterprises and also addresses acquisitions as a potential growth or exit route.

Source: OECD, *Unleashing SME Potential to Scale Up* (2025).

Cunningham, Ederer, Ma – Killer Acquisitions

Widely cited competition economics study on the concept of “killer acquisitions.” The empirical analysis focuses on the pharmaceutical industry and shows under which conditions acquisitions of innovative competitors can lead to the discontinuation of competing development projects.

Source: Cunningham, Colleen; Ederer, Florian; Ma, Song: *Killer Acquisitions*, Working Paper, Washington Center for Equitable Growth.

Local Labor Market Effects of Mergers and Acquisitions in Developing Countries

Empirical study of the employment and wage effects of corporate acquisitions in regional labor markets, including analysis based on data from Brazil.

Source: *Local Labor Market Effects of Mergers and Acquisitions in Developing Countries*, freely available preprint.

Research on the Impact of Enterprise Mergers and Acquisitions on Technological Innovation

Open-access study examining the conditions under which corporate acquisitions can influence technological innovation performance. The empirical analysis is based on Chinese publicly listed companies.

Source: Bai, Yujiao; Zhang, Hao: *Research on the impact of enterprise mergers and acquisitions on technological innovation: An empirical analysis based on listed Chinese enterprises*, PLOS ONE, 2024.

About the Author

Dirk Kaussen is Founder and Managing Director of EMS Strategy Group. With around 40 years of experience in the electronics industry — including founding and managing his own electronics manufacturing company in Germany — he brings deep expertise in manufacturing processes, EMS partner selection, supply chain stability, relocation projects, and risk management. His approach combines practical solutions with a direct connection to industrial reality.

About the EMS Strategy Group

EMS Strategy Group supports industrial enterprises in the strategic and operational advancement of their electronics manufacturing. Our core expertise lies in the strategic relocation of manufacturing volumes, the selection of qualified EMS partners, the establishment of new production capacities, and the expansion of existing manufacturing structures.

Furthermore, we design resilient supply chain frameworks, conduct comprehensive risk assessments, and guide dual-sourcing strategies, with operational support through to a successful series production ramp-up.

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