

INDUSTRY RESEARCH

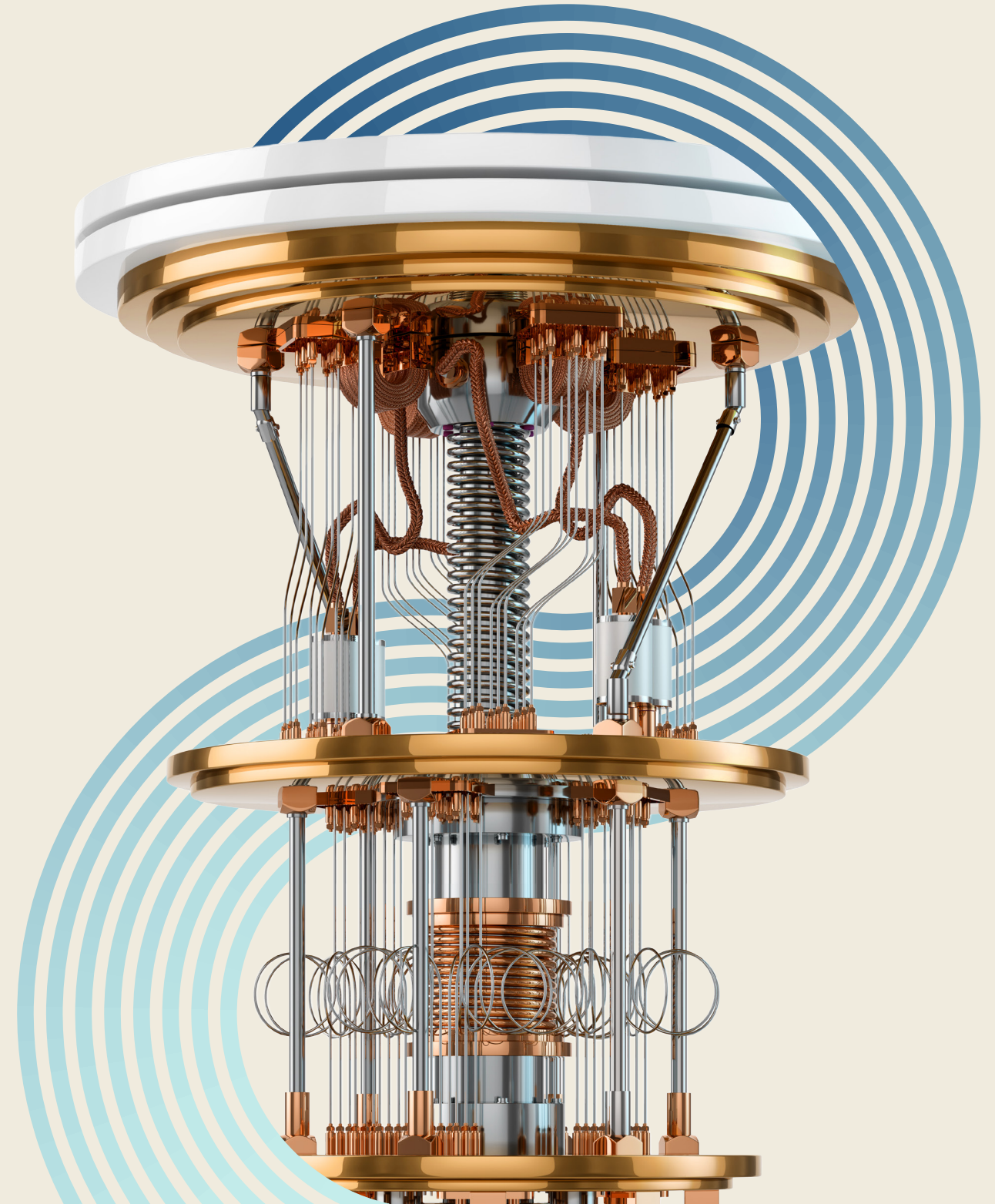
Advanced Computing PE and VC Trends

VC and PE activity across the advanced computing ecosystem

**Q4
2025**

REPORT PREVIEW

The full report is available
through the PitchBook Platform.





Contents

Market scenario	3
Advanced computing market trends	3
Market sentiment versus reality	3
AgentOps as the new DevOps	3
Earnings takeaways	4
Public company commentary	4
Hyperscalers	4
Semiconductors	4
Power & thermal equipment	5
Recommendations to investors	7
Advanced computing PE ecosystem market map	8
Deal and exit activity	9

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Market scenario

Advanced computing market trends

Q4 public earnings triggered a significant sentiment change in valuation and profitability expectations across the AI ecosystem in Q1. Hyperscaler capital expenditure shifted from a proxy for future growth to a proxy for margin risk. Likewise, the “SaaS-pocalypse” market event caused investors to devalue expected software-as-a-service (SaaS) revenue growth as agentic AI is set to presumably replace it.

Q4 earnings commentary from enterprise-focused companies says the opposite. In fact, we are not seeing a contraction in software spending; instead, we are seeing the catalyst for increasing agentic AI infrastructure investments. Employee productivity in revenue-generating activities increased dramatically in Q4 with the use of generative AI. We see this commentary everywhere, and now enterprises are ready to deploy agentic systems. This is why investors are seeing the simultaneous explosion of hyperscaler capital expenditure and the valuation implosion of software vendors that have yet to explicitly prove they are transitioning to outcome-based business models.

Hyperscaler capital expenditure growth and enterprise acceleration toward labor-replacing “service-as-software” models are the same trend: the physical construction of the agentic AI runtime environment. Consequently, the current valuation volatility in semiconductors, hyperscalers, and software represents the opportunity for investors and stakeholders to reassess investments in AI computing (semiconductors and datacenters) and AI orchestrators (software) that underpin this massive labor-to-compute technology shift.

Market sentiment versus reality

Our analysis of Q4 earnings transcripts and underlying enterprise spending data rejects the market’s bearish interpretation of current AI spending trends. Enterprise IT budgets are not contracting due to AI substitution effects. They are growing to accommodate a new, additive layer of infrastructure: the enterprise AI stack. The surge in hyperscaler capital expenditure is the necessary physical construction of capacity required to host this stack. Management commentary from Microsoft, Amazon, Cisco, Google, and SAP confirms that supply chains remain constrained and demand is outstripping available capacity.

The disconnect between the market’s focus on margin compression and the reality of capacity expansion creates opportunity. SaaS vendors successfully transitioning to outcome-based models to become AI agent orchestrators will see their total addressable market (TAM) expand from software budgets into labor budgets.

AgentOps as the new DevOps

The prevailing market narrative suggests a “crowding out” effect, where AI investments cannibalize traditional software budgets, leading to a net-neutral or negative spending environment. Q4 and outlooks data refute this. We are witnessing the emergence of an additive investment cycle funded by labor arbitrage rather than IT budget substitution. Enterprises have moved beyond the 2024-2025 pilot phase and are entering the 2026 deployment phase. Deployment requires a control plane that did not exist 12 months ago. This is known as agent operations, or AgentOps. AgentOps encompasses the observability, security, compliance, and orchestration tooling required to manage autonomous AI agents. This infrastructure is mandatory. Just as development operations (DevOps) became a nonnegotiable budget line item during the cloud transition, AgentOps enables the agentic economy.



Advanced computing PE ecosystem market map

This market map is an overview of PE-backed companies ranked by total capital raised.

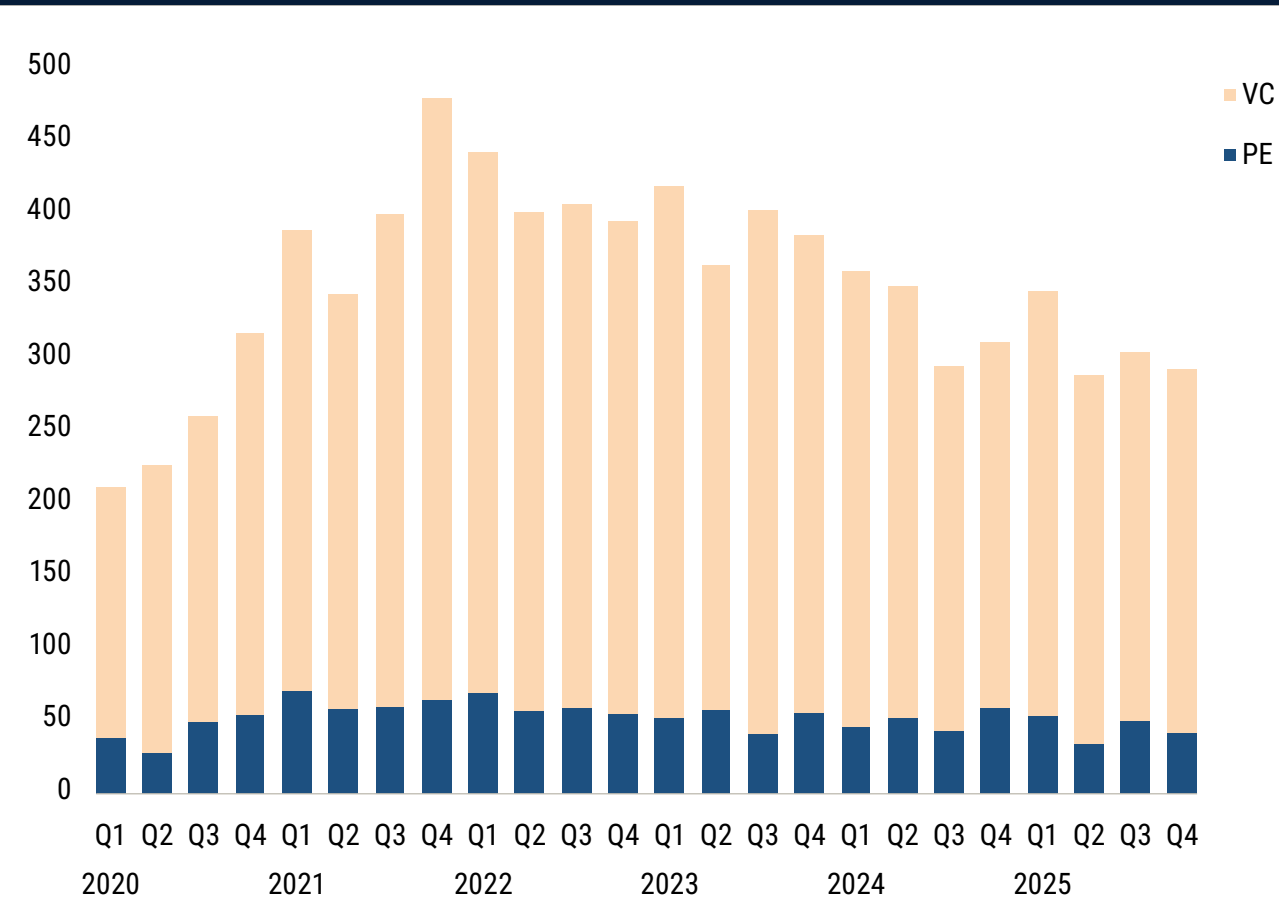
[Click to view the full map on the PitchBook Platform.](#)





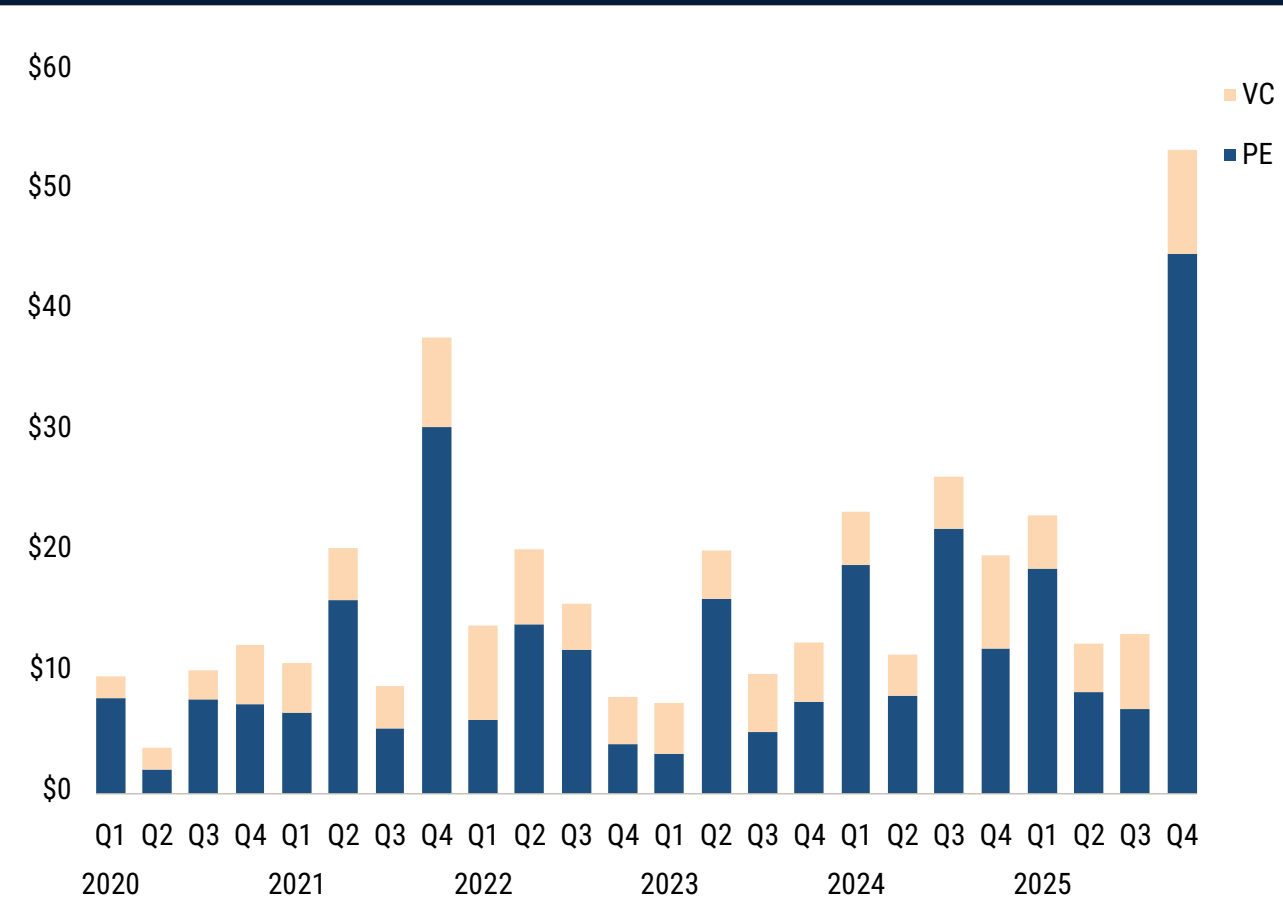
DEAL AND EXIT ACTIVITY

Deal count by asset class



Source: PitchBook • Geography: Global • As of December 31, 2025

Deal value (\$B) by asset class

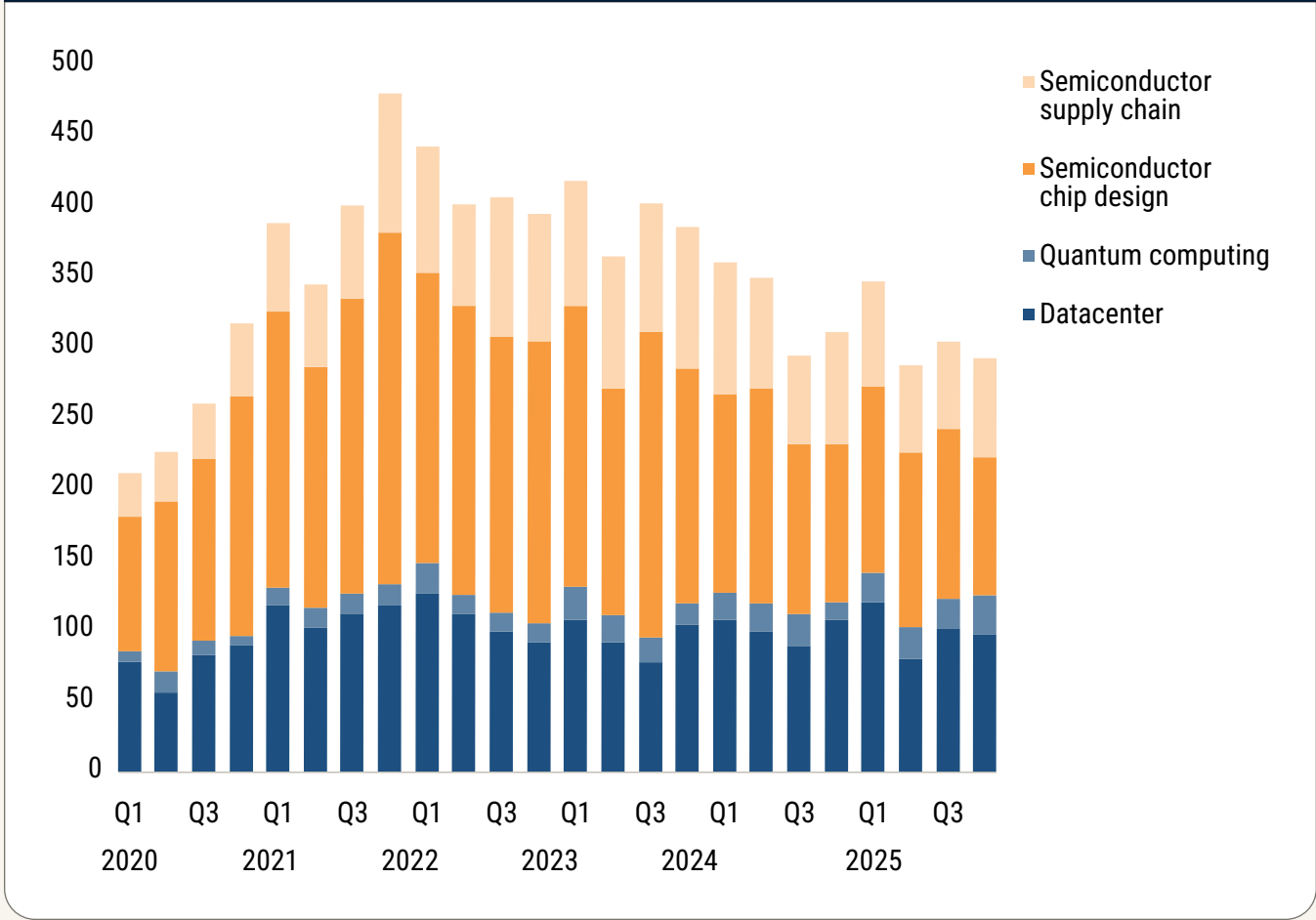


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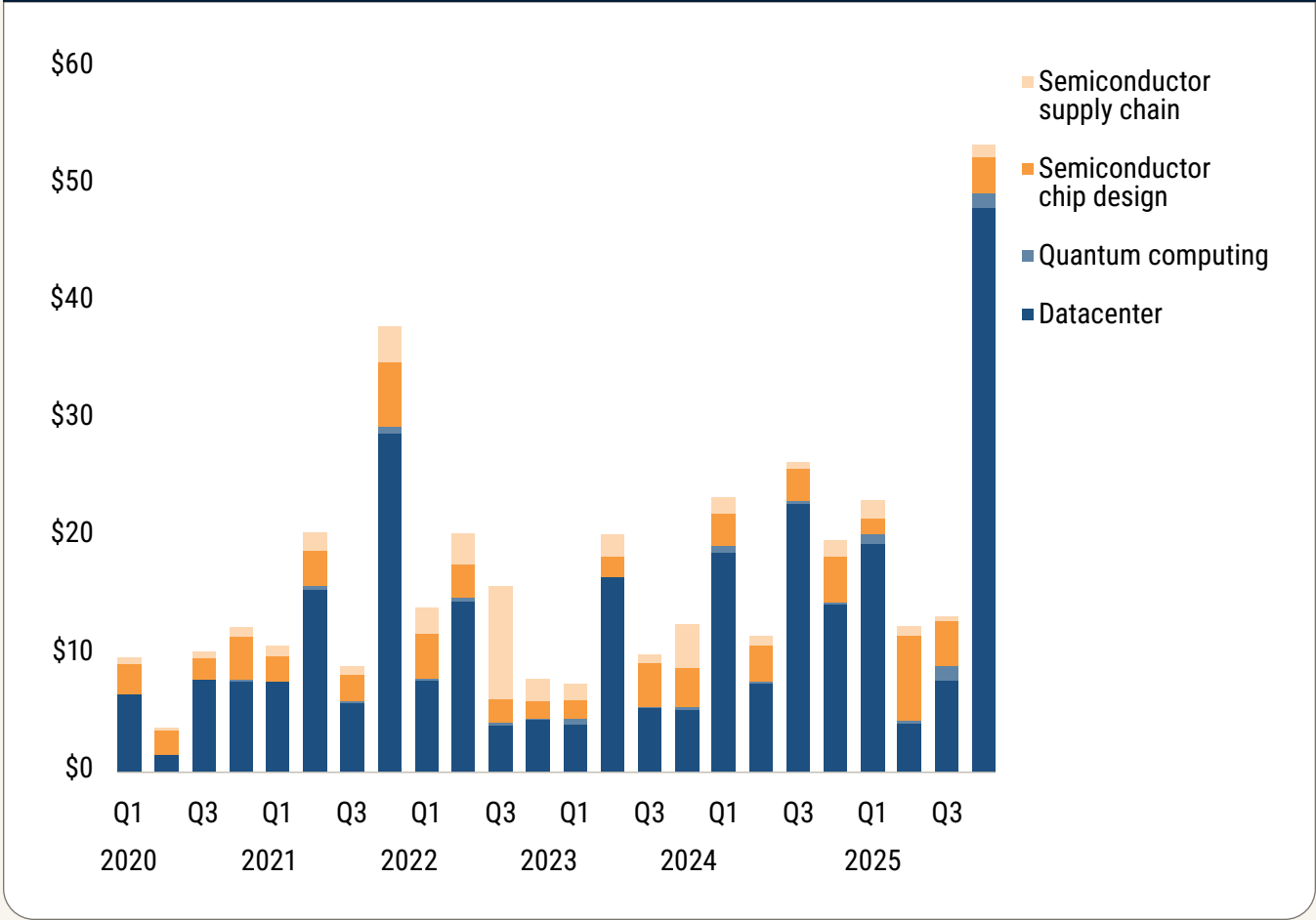
DEAL AND EXIT ACTIVITY

Deal count by segment



Source: PitchBook • Geography: Global • As of December 31, 2025

Deal value (\$B) by segment



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Additional research:



Q1 2026 Analyst Note: Through the Looking Glass: The Race to Build Enterprise AI

Download the report [here](#)



Q3 2025 Launch Report: Advanced Computing

Download the report [here](#)

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