

# **Global Software Sector Update**

**Industry Insights** 

Spring 2025

**Learn More** 



Executive Summary

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Strong Q1 with Deal Value Up 23% and Deal Volume Up 36% YoY



Public SaaS Companies' EV/NTM Revenue Multiples Slipped Below the 15-Year Median



Political Uncertainty and the Potential Impact of Trade Tariffs Are Likely to Slow Down Future Deal Activity

## **Key Market Updates**

Software M&A activity opened 2025 on a strong footing, with 714 announced transactions in Q1—a 36% increase over the same period in 2024. Deal value rose 23% YoY, setting a pace that could make 2025 the second most active year on record, behind only 2021. The quarter featured several high-profile deals, most notably Google's \$32 billion acquisition of Wiz, emphasizing the continued strategic focus on cloud security. Other major transactions included the take-private acquisitions of Dun & Bradstreet, Fortnox and Paycor, totaling \$16 billion.

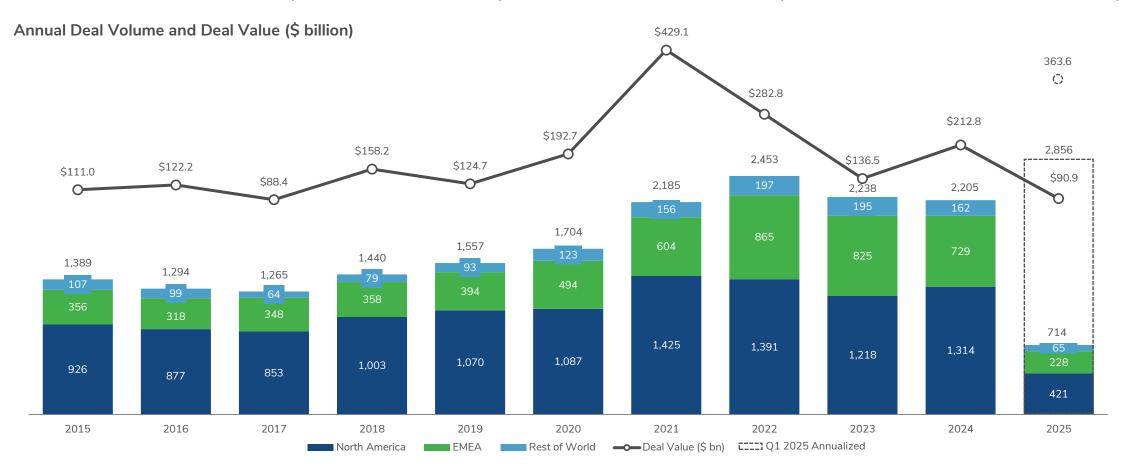
Valuation multiples for privately held software companies showed widening stratification. Companies generating over \$25 million in revenue commanded median premiums of 0.7x to 1.6x enterprise value/last 12 months (EV/LTM) revenue compared to smaller peers, reflecting ongoing market polarization. Scaled, high-performing SaaS businesses continue to attract outsized buyer interest and premium pricing.

Public software markets faced macro-driven pressure during the quarter. Inflation concerns and uncertainty about tariffs contributed to a decline in median SaaS valuation multiples, down 0.6x to 5.1x EV/NTM revenue. However, sentiment improved by early May as earnings and forward guidance broadly met or exceeded expectations and progress appeared to be made on tariff negotiations. Cybersecurity led all sectors with a 12.3% median stock price gain, while the more cyclical customer experience and engagement sector declined 28.7%.

As the year progresses, M&A activity may soften somewhat due to macroeconomic headwinds, including expected GDP deceleration and evolving policy dynamics. Nonetheless, buyer appetite for high-quality SaaS assets remains strong. Businesses with solid retention, healthy margins and clear market leadership are expected to remain priority targets. Q1 results underscore the resilience of software M&A and its continued strategic relevance amid shifting market conditions.

# Strong Q1 Puts Annualized Deal Activity on Track for a Record Year in Deal Volume and Second Highest by Value

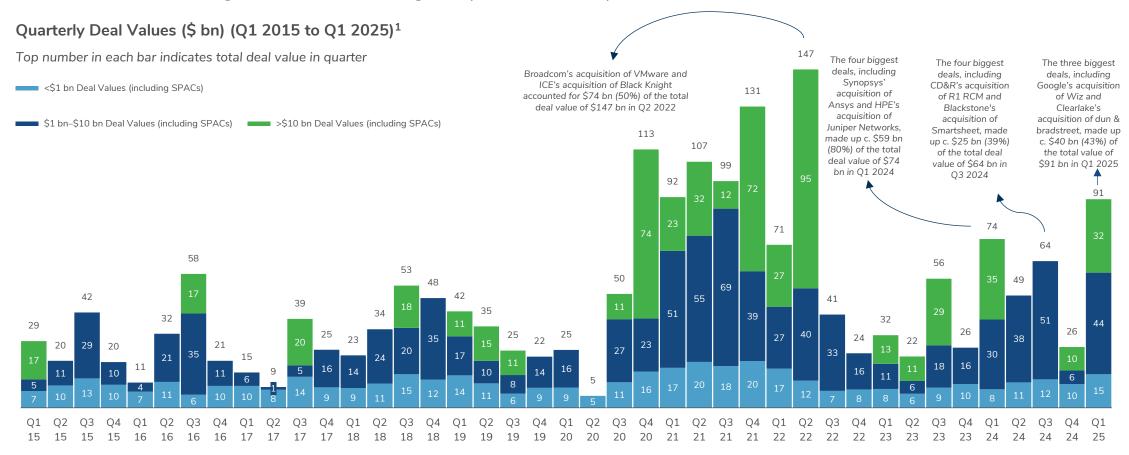
However, Political Uncertainty and the Potential Impact of Trade Tariffs Are Likely to Slow Down Future Deal Activity



Source: 451 Research and Mergermarket as of March 31, 2025

# Q1 Deal Value up 23% Year on Year, with Increases in All Deal Size Ranges

<1\$ bn Deal Value Segment Posted Strongest Quarter Since Q1 2022







# Q1 Deal Volume Closed Just 1% Below All-time High of Q1 2022

Q1 Deal Volume up 36% Year on Year, with All the Growth Driven by Strategics as PE Deal Activity Remains Subdued

#### Quarterly Deal Volume (Q1 2015 to Q1 2025)<sup>1</sup>

Top number in each bar indicates total deal volumes in quarter



<sup>&</sup>lt;sup>1</sup>Between January 1, 2015, and March 31, 2025; Private Equity includes acquisitions made by PE-backed platforms, whereby the PE holds a majority stake in the acquirer Source: 451 Research and Mergermarket as of March 31, 2025



# Top Six Software Acquisitions over Q1 2025 by Enterprise Value

March 2025

WIZ'

acquired by

Google



Wiz provides cloud security software to healthcare, financial services and government sectors globally. Its software features threat intelligence, application protection, risk assessment, vulnerability management, configuration security and graph-based analysis to help organizations optimize their cloud security posture.

The acquisition of Wiz significantly bolsters Google's position in cybersecurity, particularly for cloud-native applications. This strategic move addresses the imperative for a strong cloud security play as IT gravitates to the cloud and AI demand accelerates. Wiz's leading cloud-native application protection capabilities. combined with Google's existing security operations and incident response strengths from Mandiant, elevate Google to a significant player in securing cloud environments and provide a new center of gravity for its security strategies.

March 2025

dun & bradstreet

acquired by







Dun & Bradstreet provides online business data insights through www.dnb.com globally. Its offerings include analytics, audience targeting, risk assessment, credit intelligence, market insights and ratings, along with Al-based chatbot and data management software to help organizations optimize their data-driven decisionmaking.

The acquisition enables Dun & Bradstreet to accelerate its innovation strategy and expand its market presence in the business intelligence sector. With Clearlake's support and investment, Dun & Bradstreet plans to enhance its Al-powered solutions, pursue strategic growth opportunities and increase delivery of datacentric solutions to its global client base. Clearlake sees Dun & Bradstreet as well positioned to capitalize on growing demand.

March 2025



SoftBank





Ampere Computing provides cloud-native ARM-based chips and processor design solutions for businesses globally. Its offerings include Al-based cloud computing software with features for Al workloads, data analytics, data management and storage to help organizations optimize their cloud computing performance.

The acquisition of Ampere Computing significantly bolsters SoftBank Group Corp.'s investments in Al infrastructure. The addition of Ampere's ARM-based cloud CPUs, which incorporate AI acceleration, combined with SoftBank's prior purchase of AI chipmaker Graphcore and its influence over Arm Holdings' potential own CPU development, could lead to enhanced Al-capable CPUs or the creation of integrated "superchips."

March 2025

## Fortnox

acquired by







Fortnox provides internet-based business applications, offering products, packages and integrations for financial and administrative needs. Its software creates easy workflows in accounting, invoicing, financing and employee management to help businesses optimize their operational efficiency across multiple segments, including businesses, accounting firms and financial services.

EQT's proposed support empowers Fortnox to accelerate its expansion and enhance its cloud-based financial services. With EOT's investment and fintech experience. Fortnox can undertake extensive long-term investments in product development and pursue acquisitions. Both EQT and Fortnox's chairman believe this strategic direction, best pursued privately, is key to creating value, supporting continued growth, and offering shareholders an attractive opportunity.

February 2025



acquired by

TURN RIVER



5.5x

SolarWinds Corporation provides observability and IT service management software for businesses globally. Its software features security log management, cloud observability, network performance management, database performance management, application performance monitoring and network testing to help organizations optimize their IT infrastructure.

The acquisition enables SolarWinds to accelerate innovation and expand in the IT management sector. With Turn/River's investment, SolarWinds plans to enhance operational resilience solutions and deliver greater value through its observability offerings. Turn/River sees SolarWinds as a global leader well positioned for growth in secure IT infrastructure management.

January 2025



acquired by

Paycor provides Al-based HR and payroll management SaaS and mobile applications for small- and medium-sized businesses in the U.S. Its software features recruiting, onboarding, benefits, time and attendance management, payroll, and analytics capabilities to help organizations optimize their workforce management processes.

**PAYCHEX** 





The acquisition of Paycor strengthens Paychex's upmarket position, unlocking new revenue channels, and expanding its strategic footprint and capabilities. This combination of two industry leaders empowers Paychex to deliver more comprehensive, flexible, and innovative HCM solutions, effectively addressing the evolving needs of today's workforce.

EV = enterprise value; LTM = last twelve months All trademarks, trade names or logos referenced herein are the property of their respective owners.

Source: 451 Research, Mergermarket, Press Releases as of March 31, 2025

Note: 1Estimated \$700m ARR at time of transaction







## Other Notable Software Deals during Q1 2025

#### Strategic Deals (Q1 2025)

Source: 451 Research and Mergermarket as of March 31, 2025

Strategie Deals (Q1 2023)							
Date	Target	Acquirer	Enterprise Value and Multiple <sup>1</sup>	e Target Abstract			
Mar-25	Moveworks	servicenow.	\$2.9 bn 29x <sup>4</sup>	Al assistant & enterprise search software			
Mar-25	Weights & Biases	<b>CW</b> CoreWeave	\$1.7 bn N/A	Software development tools			
Mar-25	CentralReach	Roper	\$1.7 bn 9.7x	EMR & healthcare practice management software			
Mar-25	NINIATRADER	⋒ĸraĸen	\$1.5 bn N/A	Financial future trading software			
Jan-25	enfusion	CLEARWATER ANALYTICS	\$1.5 bn 7.5x	Investment management software			
Feb-25	micromine	WEIR	\$819 mn 9.1x	Mining design & operational management software			
Jan-25		Thomson Reuters	\$600 mn 10.0x	Tax & accounting automation software			
Jan-25	vistar media	Ŧ	\$600 mn 3.3x <sup>7</sup>	DOOH advertisement management software			
Mar-25	<b></b> beacon	CLEARWATER ANALYTICS	\$561 mn 12.8x	Portfolio & risk management software			
Mar-25	notified	EQUINITI	\$455 mn N/A	PR and investor communications software			
Mar-25	<b>ॐ</b> Admincontrol	<b>EURONEXT</b>	\$438 mn 11.0x	Collaboration & document sharing software			

## PE Deals<sup>2</sup> (Q1 2025)

Date	Target	Acquirer	Enterprise Value and Multiple <sup>1</sup>	e Target Abstract
Feb-25	edifecs	KKR VERITAS	\$3.1 bn N/A	Healthcare data management software
Mar-25	<b>quorum</b>	FRANCISCO PARTNERS	\$2.4 bn N/A	Energy ERP & BPM software
Mar-25	Namirial	<b>X</b> BainCapital	\$776 mn N/A	E-document & transaction management software
Feb-25	<b>Bottomline</b> . Legal spend management	sedgwick.	\$750 mn N/A	Insurance legal spend management software
Mar-25	🗄 forcura	MEDALOGIX  Berkshire Partners   → VISTRIA.	\$473 mn <sup>3</sup> N/A	Healthcare workflow management software
Mar-25	Fleetio	Goldman Asset Sachs Management	\$450 mn N/A	Fleet management automation software
Jan-25	logility	Aptean  TA ASSOCIATES PARTNERS	\$399 mn 3.9x	Supply chain management software
Mar-25	<b>Shiftee</b>	SKYLAKE Leading Technology Investments	\$373 mn N/A	Workforce management software
Feb-25	⊕ mapal°s	EUR∆ZEO	\$324 mn N/A	Hospitality operations management software
Mar-25	PROTECHT	PSG	\$280 mn N/A	Risk and compliance management software
Feb-25	🔷 kaonavi	CARLYLE	\$269 mn 5.8x	HR and employee data visualization software

<sup>&</sup>lt;sup>1</sup>Deal Multiple = Enterprise Value/LTM Revenue, unless otherwise specified; <sup>2</sup>PE deals include acquisitions made by PE-backed strategics, whose owners are indicated below the gray line, and exclude deals involving SPAC vehicles; All trademarks, trade names or logos referenced herein are the property of their respective owners; <sup>3</sup>Merger between Forcura and Medalogix, with Berkshire Partners being the majority owner and Vistria Group a minority shareholder of the combined organization; <sup>4</sup>Based on Sep-24 ARR of \$100m; <sup>5</sup>Based on forward Jun-26 revenue; <sup>6</sup>Based on expected CY25 revenue; <sup>7</sup>Based on expected CY25 revenue



# Strategic Multiples Continued to Increase in Q1, While PE Multiples Hold Steady

Gap Between Strategics and PE Continues to Increase as Strategics Focusing on Highly Strategic Areas

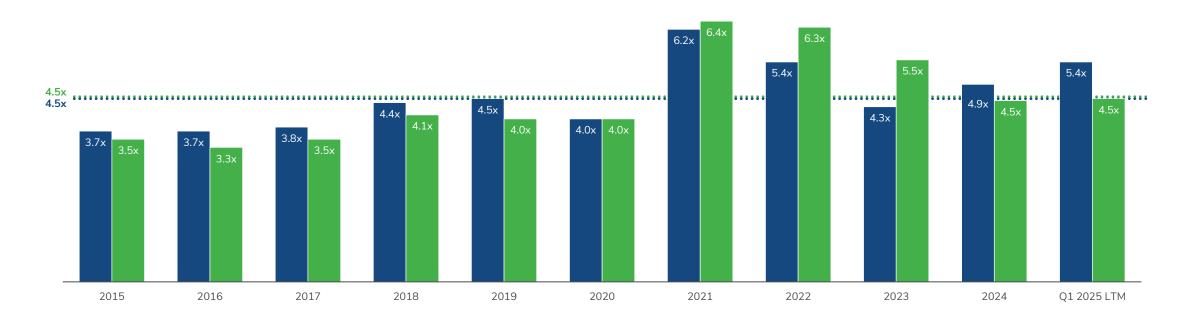
#### **Annual Median Deal Multiples**

EV/LTM Revenue (Strategic)

EV/LTM Revenue (PE)

Average Multiple of Strategic Deals: 4.5x

of PE Deals: 4.5x

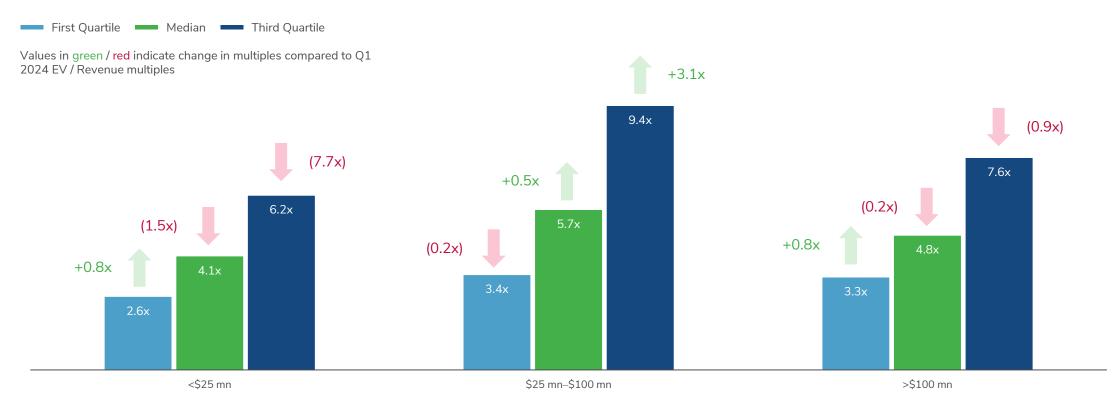




# SaaS Deal Multiples by Quartile and Target Revenue Have **Significantly Moved in Last Twelve Months**

Third-Quartile Multiples Command Average Premiums of 53% – 65% vs. Median

Deal Multiples Quartiles by Last 12 Months Revenue



Transactions selected are based on the following parameters: (i) target company with SaaS business model; (ii) transaction announced between March 31, 2023, and March 31, 2025; (iii) disclosed EV/LTM revenue multiple; and (iv) excluding outliers and SPAC transactions Source: 451 Research and Mergermarket as of March 31, 2025



# Kroll's Technology Investment Banking Practice Tracked Universe of Public Software Companies



Engineering

Bentleu<sup>a</sup>

MEXAGON

PDF/SOLUTIONS

Roper

Trimble.

AUTODESK

cādence'

S PASSAULT

NEMETSCHEK

atc 😵

SYNOPSYS\*

















Cvbersecurity

CHECK POINT CROWDSTRIKE CYBERARK

Gen

Oualys.

**OTREND** 

**Extreme** 

F-Secure.

**paloalto** 

RAPIDI

Otenable

F RTIDET

🎇 okta

**radware** 

WVARONIS

rubrik SentinelOne

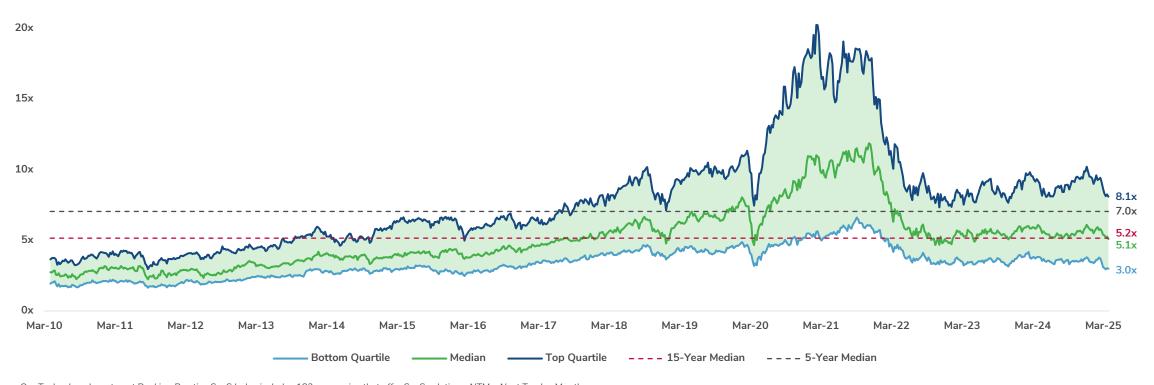




# Public SaaS Companies' EV/NTM Revenue Multiples Have Slipped **Below the 15-Year Median**

Median Multiple Trading at 5.1x EV/NTM Revenue Versus Long-Term Average of 5.2x

Performance of Our Technology Investment Banking Practice SaaS Index over the Past 15 Years EV/NTM Revenue



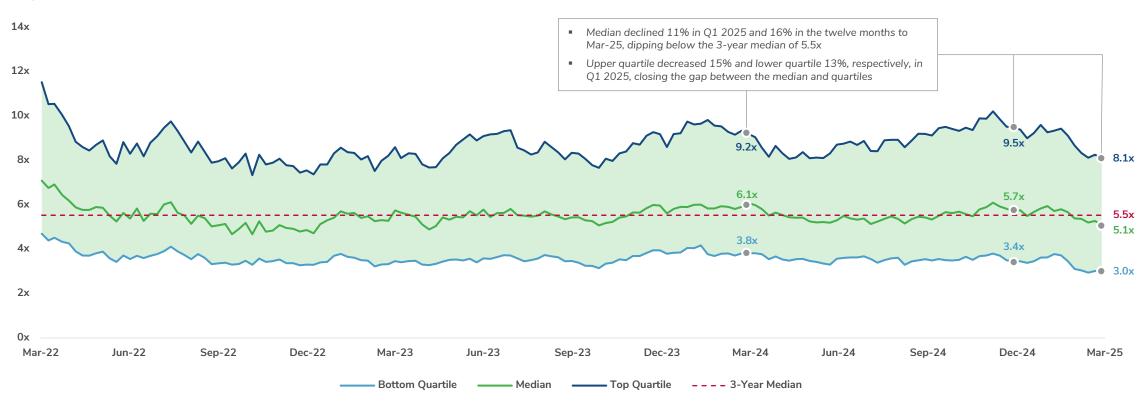


# Revenue Multiples Have Remained Relatively Flat since their Post-Covid Correction, with a Moderate Decline in Q1 2025

Median EV/NTM Revenue Multiple Declined 11% in Q1

Performance of Our Technology Investment Banking Practice SaaS Index over the Past Three Years

EV/NTM Revenue



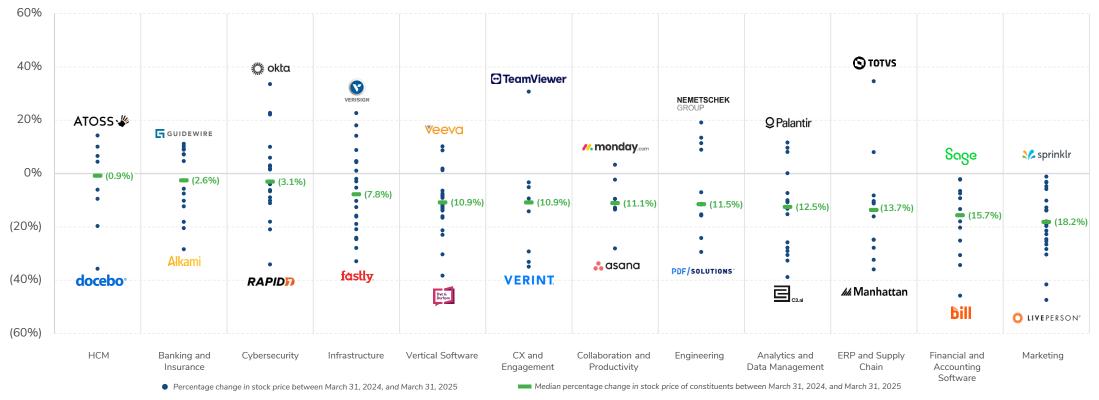
Our Technology Investment Banking Practice SaaS Index includes 182 companies that offer SaaS solutions; NTM = Next Twelve Months Source: Capital IQ as of March 31, 2025



## **Last 12 Months Performance of Stock Prices**

Median Performance of All Buckets Was Negative with Considerable Differences between High- and Low-Performers

Performance of Our Technology Investment Banking Practice's Tracked Software Universe between March 31, 2024, and March 31, 2025



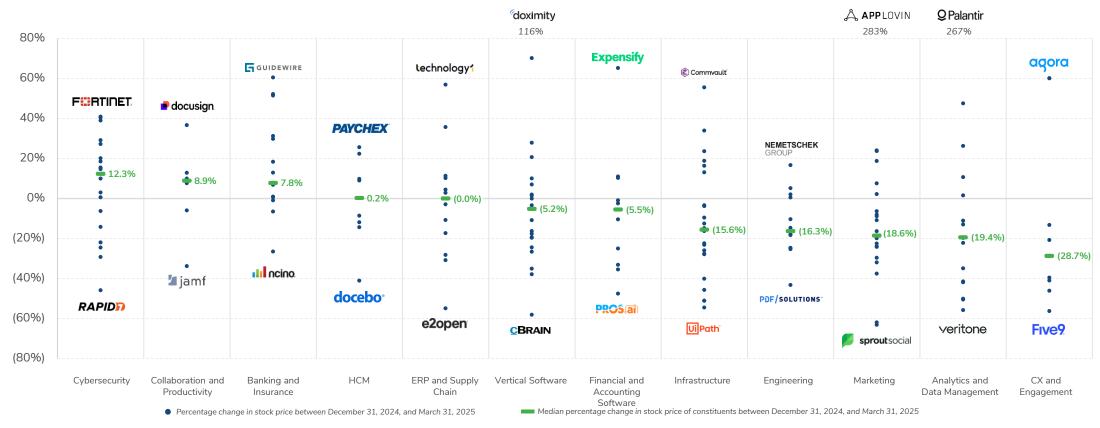




## **Quarterly Performance of Stock Prices**

Significant Differences Among Software Subsectors Experienced Growth in Q1 2025

Performance of Our Technology Investment Banking Practice's Tracked Software Universe between December 31, 2024, and March 31, 2025



Does not include companies listed after December 31, 2024; Buckets ordered by median percentage change in stock price between December 31, 2024, and March 31, 2025; All trademarks, trade names, or logos referenced herein are the property of their respective owners

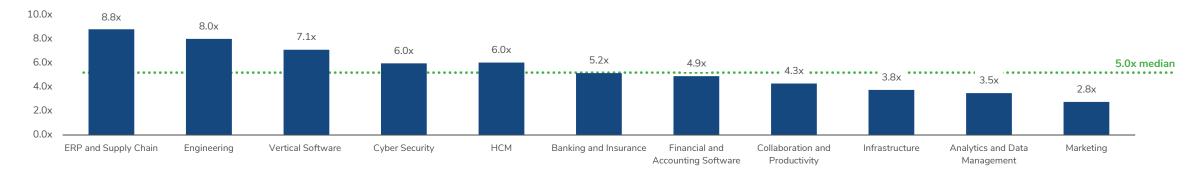
Source: Capital IQ as of March 31, 2025



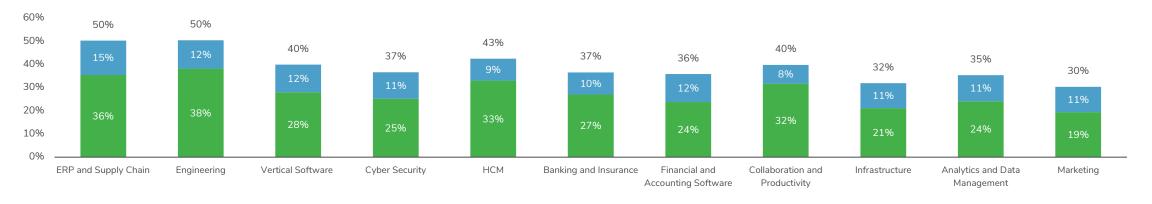
# Significant Differences Exist in Multiples Between Software Subsectors

High Multiples for Engineering and ERP and SCM Subsectors Reflected in Strong Revenue Growth and EBITDA Margins

#### EV / CY25 Revenue Multiples



#### **Revenue Growth & EBITDA Margins**

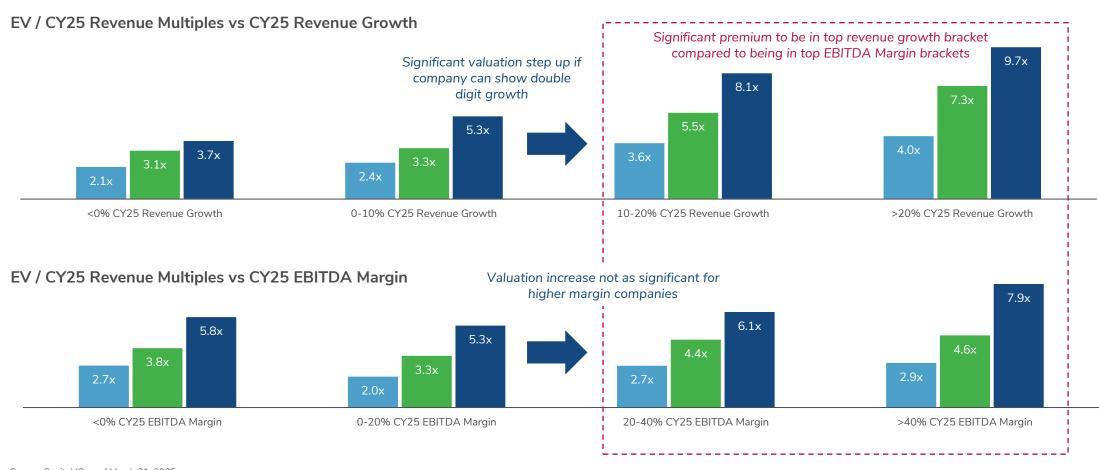


Buckets ordered by December 2025 revenue multiples Source: Capital IQ as of March 31, 2025



# Public Markets Continue to Pay a Premium for Top Bracket Growth Rates

Overall Valuation for High Growth Companies Significantly Higher Than Valuation for High Margin Businesses



Source: Capital IQ as of March 31, 2025

# **Strong Track Record Closing Deals with Tech-Focused Investors** and Acquirers

#### **Select Private Equity Transactions**























**Select Strategic Buyer Transactions** 











## **Technology & Business Services Investment Banking**

#### **Practice Overview**

#### **Significant Transaction** Experience



Strong track record of execution, 500+ transactions completed

**Unparalleled Access to Buyers** 



Deep reach into tech and business services focused financial sponsors and strategics

Deep Domain Expertise



Fluency in key trends in the tech & business services sectors

Unconflicted and Focused Approach



Singular focus on sector advisory services

#### **Verticals & Thematic Areas of Focus**



**Human Capital Management** 



**Education & Training** 



**Retail & Commerce** 



Marketing & Media



Cybersecurity



Governance, Regulatory & Compliance



Information Technology



**Supply Chain & Logistics** 



**Financial Services** 



**Data & Analytics** 

#### **Select Technology Transaction Experience**



| Charlesbank |







BCN MONETIZE

has been acquired by

MOXIMO TECH















CARD.COM



has been acquired by





Charlesbank |

has received a majority investment from MAIN





Chartbeat

















Thera Office

has been acquired by

\*\* Netsmart







SAP

has acquired

**4** taulia







WinDelivery

has been acquired by

Glovo



360Learning

has acquired

مصا













viajanet







has been acquired by











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