



Global Software Sector Update

Industry Insights

Spring 2025

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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.

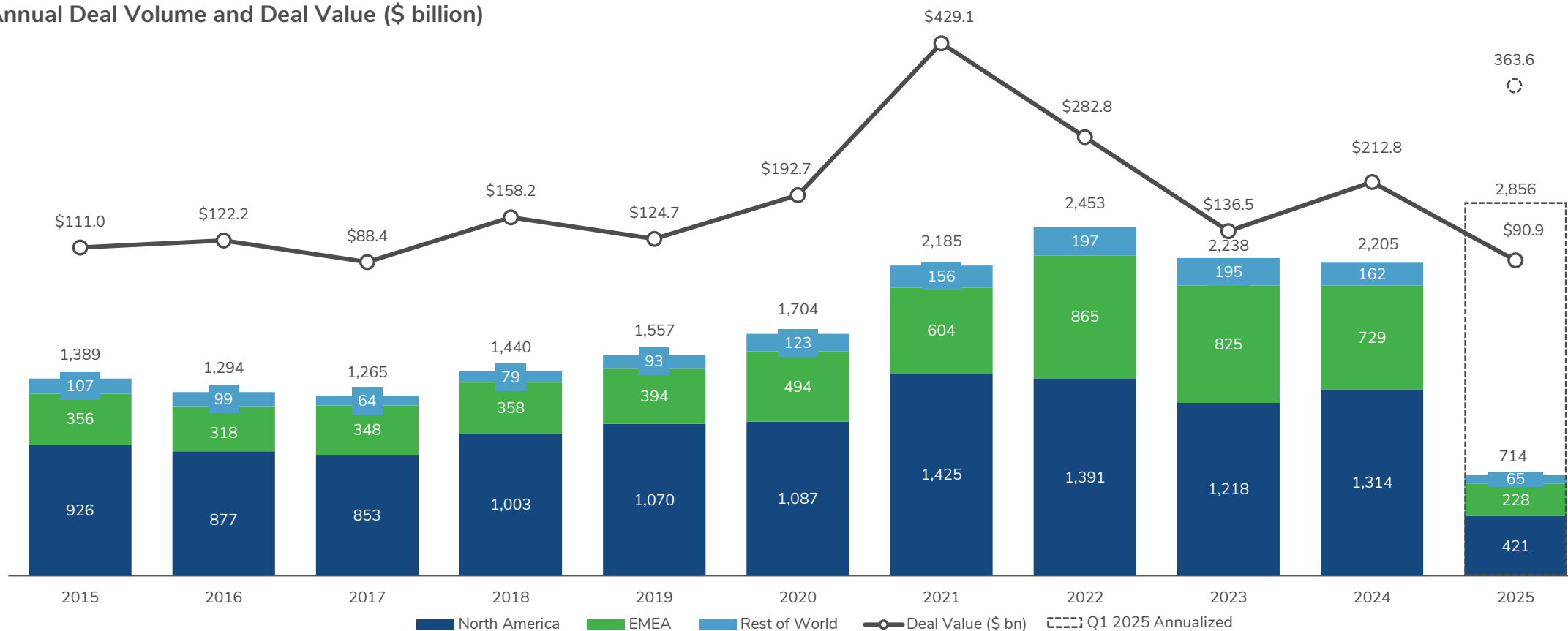
Public software markets faced macro-driven pressure during the quarter. Inflation concerns and uncertainty about tariffs contributed to a decline in median SaaS valuation multiples, down 0.6x to 5.1x EV/NTM revenue. However, sentiment improved by early May as earnings and forward guidance broadly met 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

Annual Deal Volume and Deal Value (\$ billion)



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

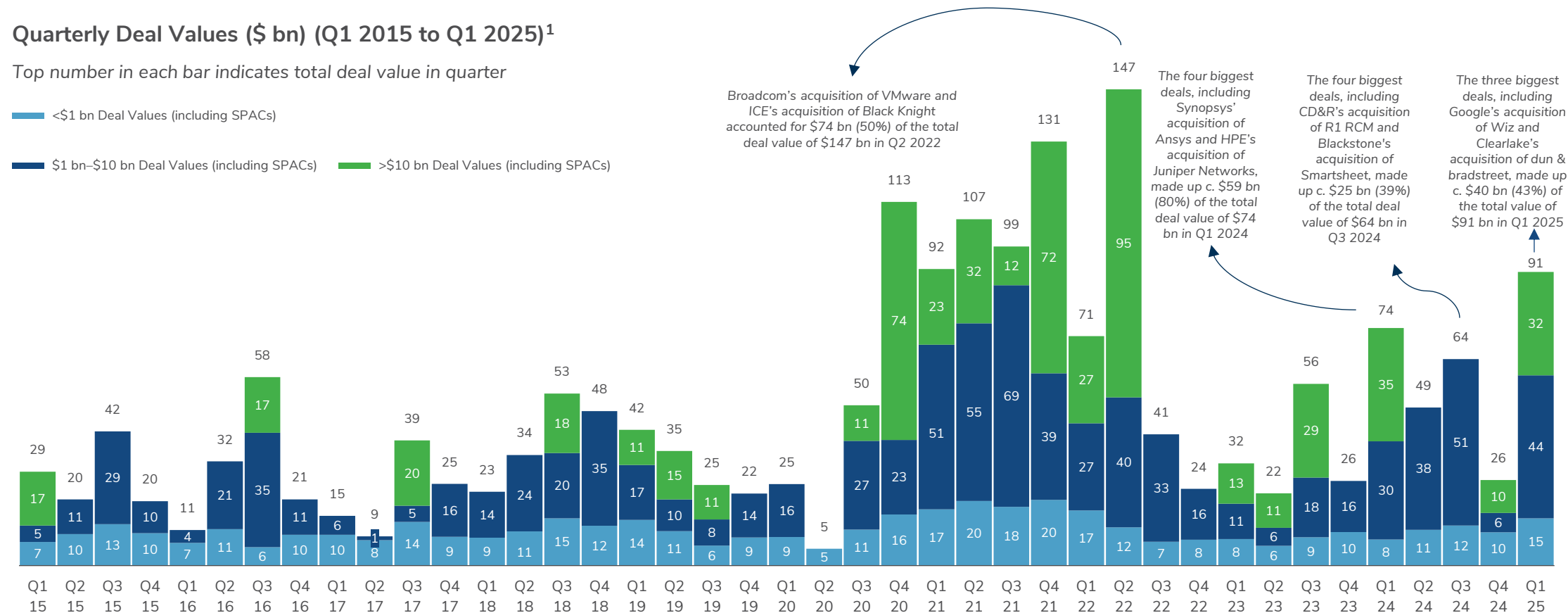
Quarterly Deal Values (\$ bn) (Q1 2015 to Q1 2025)¹

Top number in each bar indicates total deal value in quarter

■ <\$1 bn Deal Values (including SPACs)

■ \$1 bn–\$10 bn Deal Values (including SPACs)

■ >\$10 bn Deal Values (including SPACs)



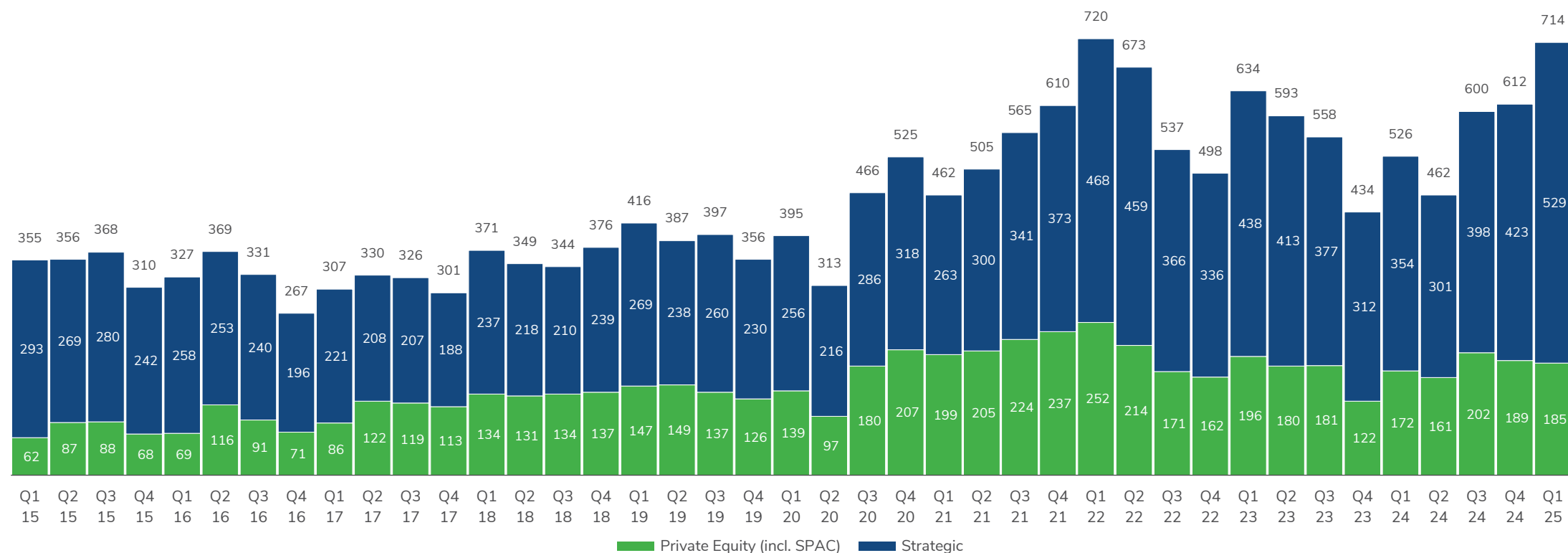
¹Between January 1, 2015, and March 31, 2025, 2024; SPAC = Special Purpose Acquisition Company
Source: 451 Research and Mergermarket as of March 31, 2025

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)¹

Top number in each bar indicates total deal volumes in quarter



¹Between 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



EV = enterprise value; LTM = last twelve months

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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)

Date	Target	Acquirer	Enterprise Value and Multiple ¹	Target Abstract
Mar-25	 Moveworks		\$2.9 bn 29x ⁴	AI assistant & enterprise search software
Mar-25	 Weights & Biases		\$1.7 bn N/A	Software development tools
Mar-25	 CentralReach		\$1.7 bn 9.7x ⁵	EMR & healthcare practice management software
Mar-25	 NINIA TRADER		\$1.5 bn N/A	Financial future trading software
Jan-25	 enfusion		\$1.5 bn 7.5x	Investment management software
Feb-25	 micromine		\$819 mn 9.1x ⁶	Mining design & operational management software
Jan-25	 SafeSend		\$600 mn 10.0x ⁷	Tax & accounting automation software
Jan-25	 vistar media		\$600 mn 3.3x ⁷	DOOH advertisement management software
Mar-25	 beacon		\$561 mn 12.8x	Portfolio & risk management software
Mar-25	 notified		\$455 mn N/A	PR and investor communications software
Mar-25	 Admincontrol		\$438 mn 11.0x	Collaboration & document sharing software

PE Deals² (Q1 2025)

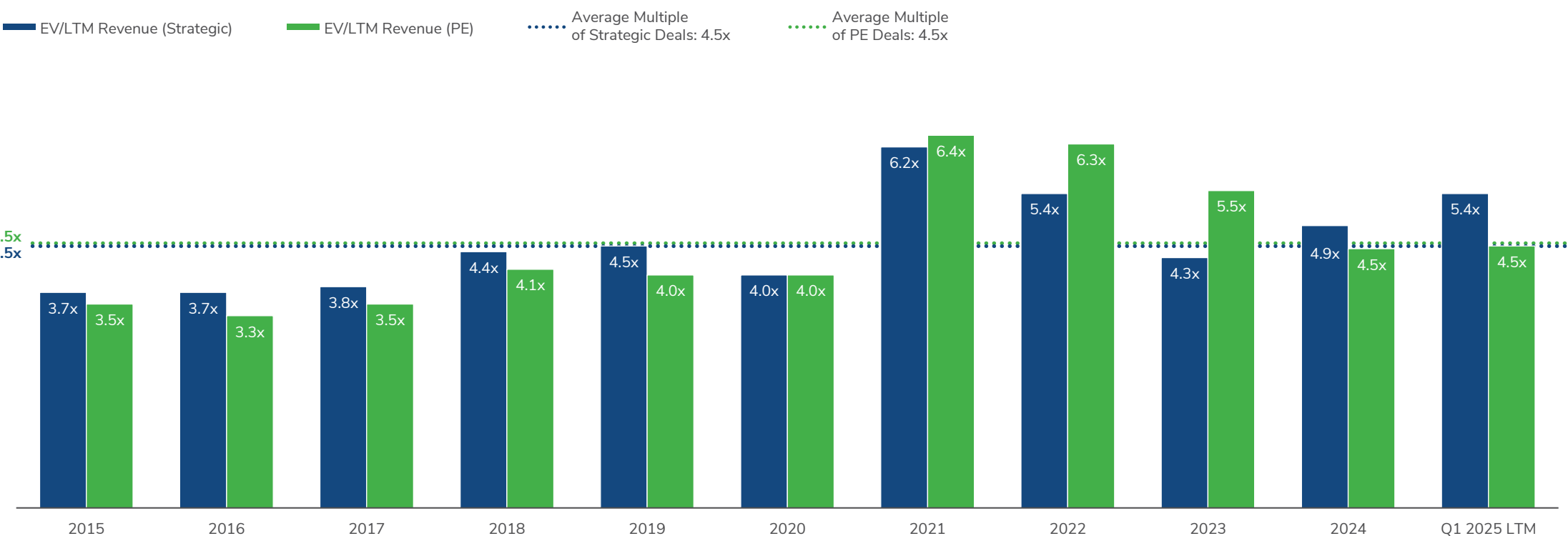
Date	Target	Acquirer	Enterprise Value and Multiple ¹	Target Abstract
Feb-25	 edifecs		\$3.1 bn N/A	Healthcare data management software
Mar-25	 quorum		\$2.4 bn N/A	Energy ERP & BPM software
Mar-25	 Namirial		\$776 mn N/A	E-document & transaction management software
Feb-25	 Bottomline Legal spend management		\$750 mn N/A	Insurance legal spend management software
Mar-25	 forcura		\$473 mn ³ N/A	Healthcare workflow management software
Mar-25	 Fleetio		\$450 mn N/A	Fleet management automation software
Jan-25	 logility		\$399 mn 3.9x	Supply chain management software
Mar-25	 Shiftee		\$373 mn N/A	Workforce management software
Feb-25	 mapal.es		\$324 mn N/A	Hospitality operations management software
Mar-25	 PROTECHT		\$280 mn N/A	Risk and compliance management software
Feb-25	 kaonavi		\$269 mn 5.8x	HR and employee data visualization software

¹Deal Multiple = Enterprise Value/LTM Revenue, unless otherwise specified; ²PE 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; ³Merger between Forcura and Medalogix, with Berkshire Partners being the majority owner and Vistria Group a minority shareholder of the combined organization; ⁴Based on Sep-24 ARR of \$100m; ⁵Based on forward Jun-26 revenue; ⁶Based on expected CY25 revenue; ⁷Based on expected CY25 revenue
Source: 451 Research and Mergermarket as of March 31, 2025

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 = Enterprise Value or Market Capitalization + Total Debt – Cash
PE deals include acquisitions made by PE-backed strategics
Source: 451 Research as of March 31, 2025

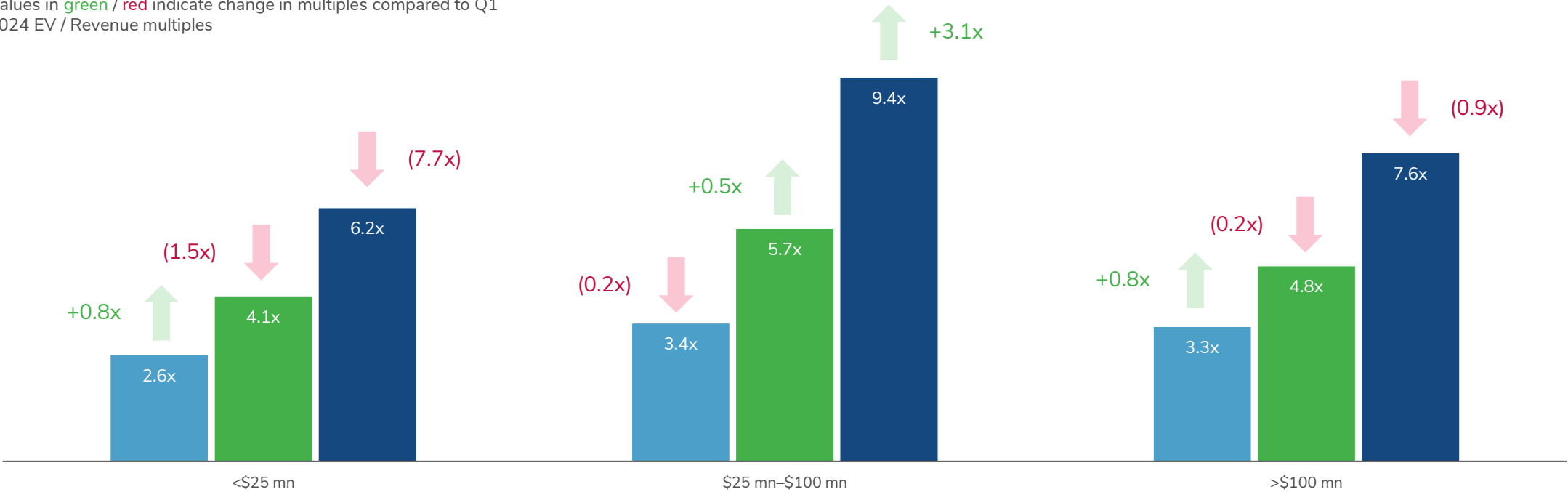
SaaS Deal Multiples by Quartile and Target Revenue Have Significantly Moved in Last Twelve Months

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

Deal Multiples Quartiles by Last 12 Months Revenue

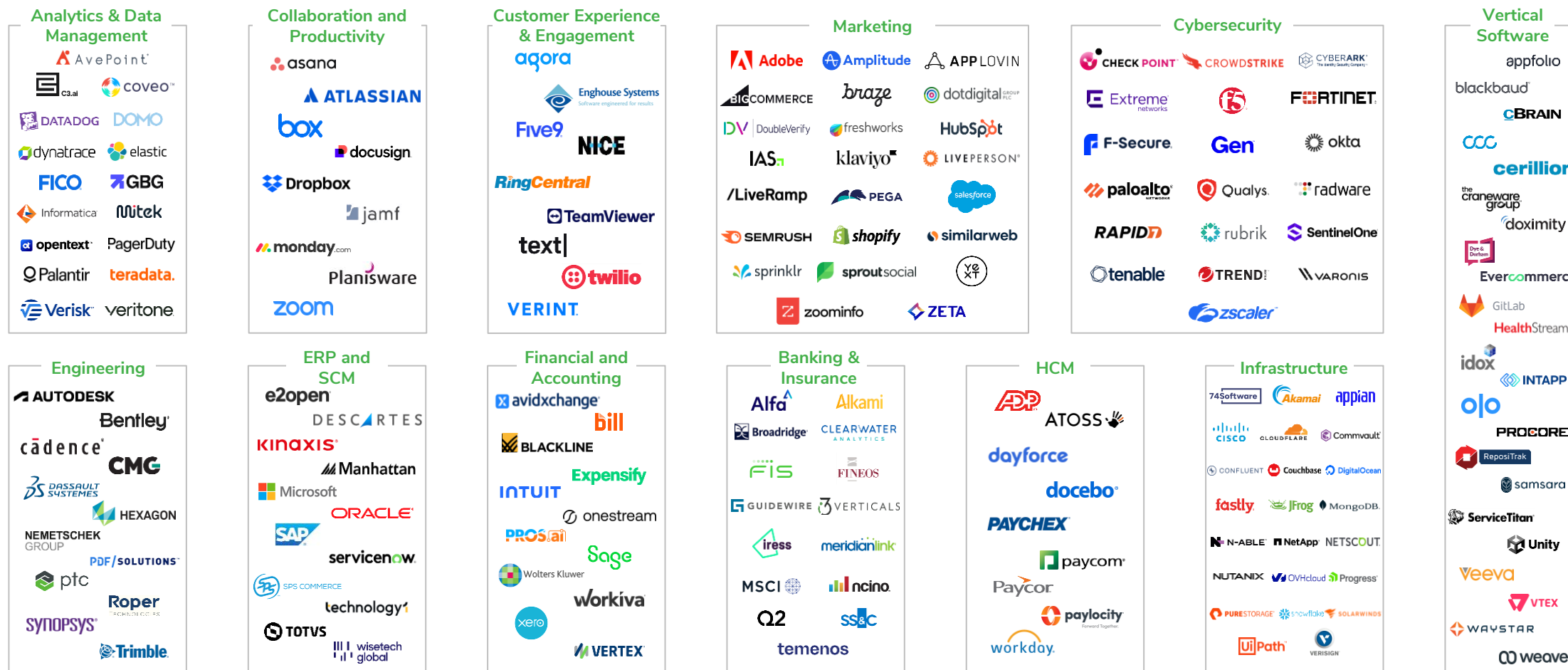
First Quartile Median Third Quartile

Values in green / red indicate change in multiples compared to Q1 2024 EV / Revenue multiples



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



ERP = Enterprise Resource Planning; HCM = Human Capital Management; SCM = Supply Chain Management

Source: S&P Global Market Intelligence as of March 31, 2025, including the most actively traded software companies for respective covered sectors and excluding most microcap companies

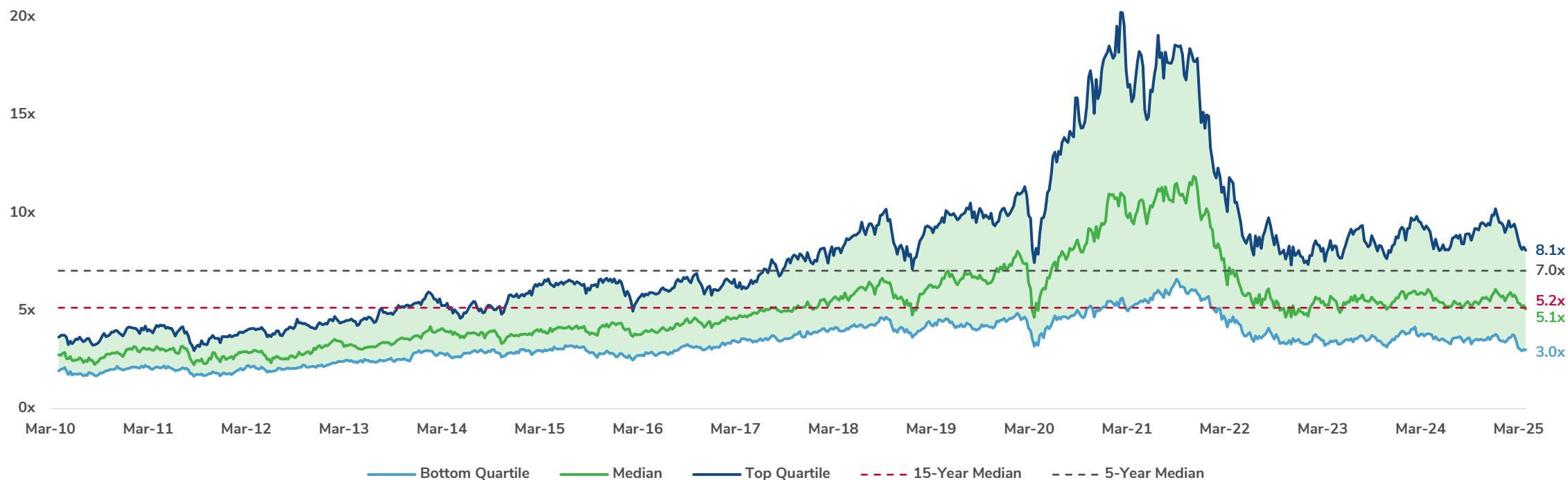
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Public SaaS Companies' EV/NTM Revenue Multiples Have Slipped Below the 15-Year Median

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



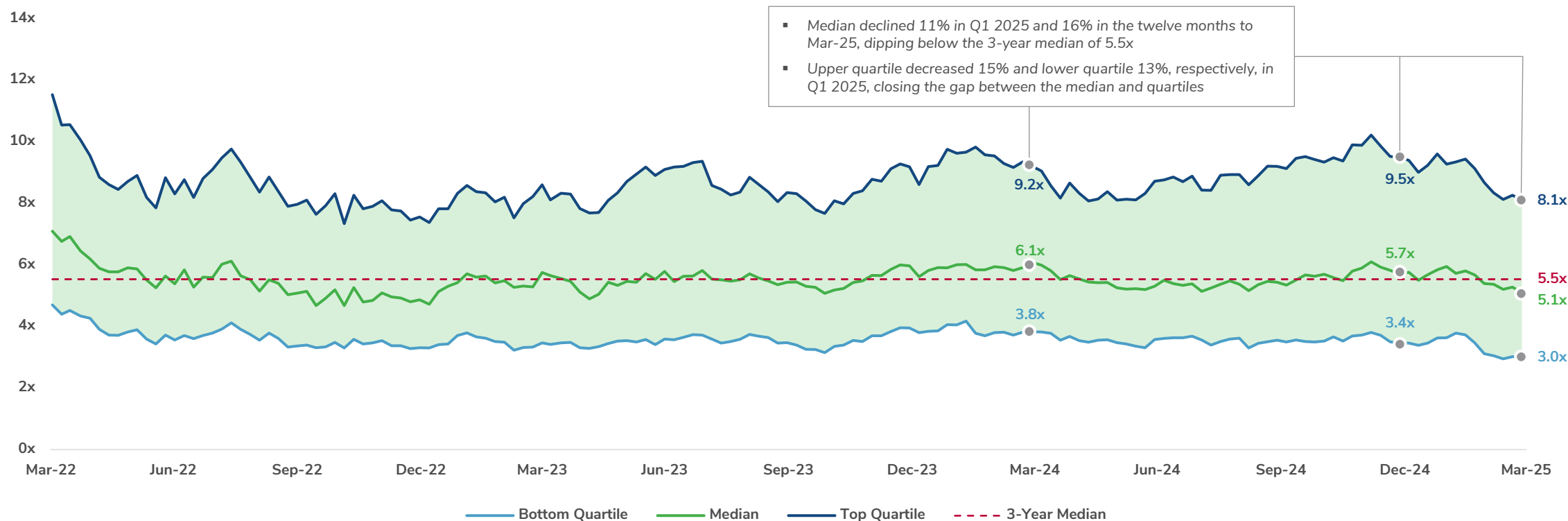
Our Technology Investment Banking Practice SaaS Index includes 182 companies that offer SaaS solutions; NTM = Next Twelve Months
Source: Capital IQ as of March 31, 2025

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

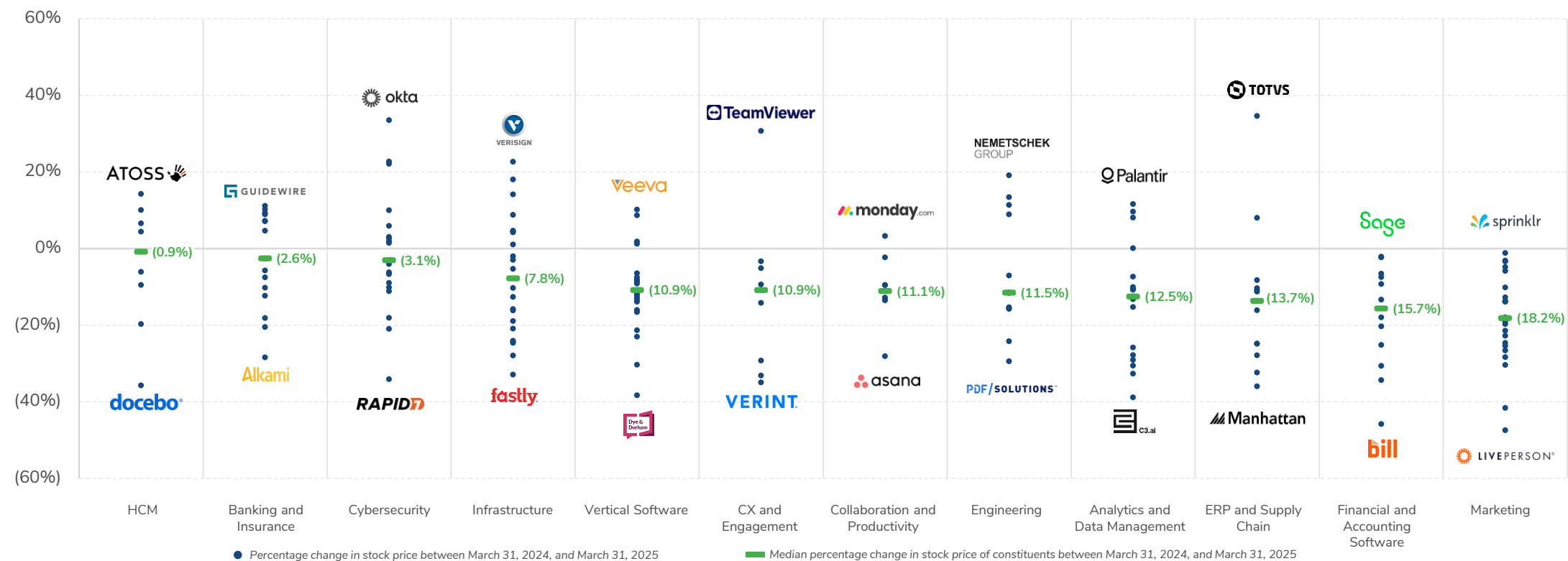


Our Technology Investment Banking Practice SaaS Index includes 182 companies that offer SaaS solutions; NTM = Next Twelve Months
Source: Capital IQ as of March 31, 2025

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

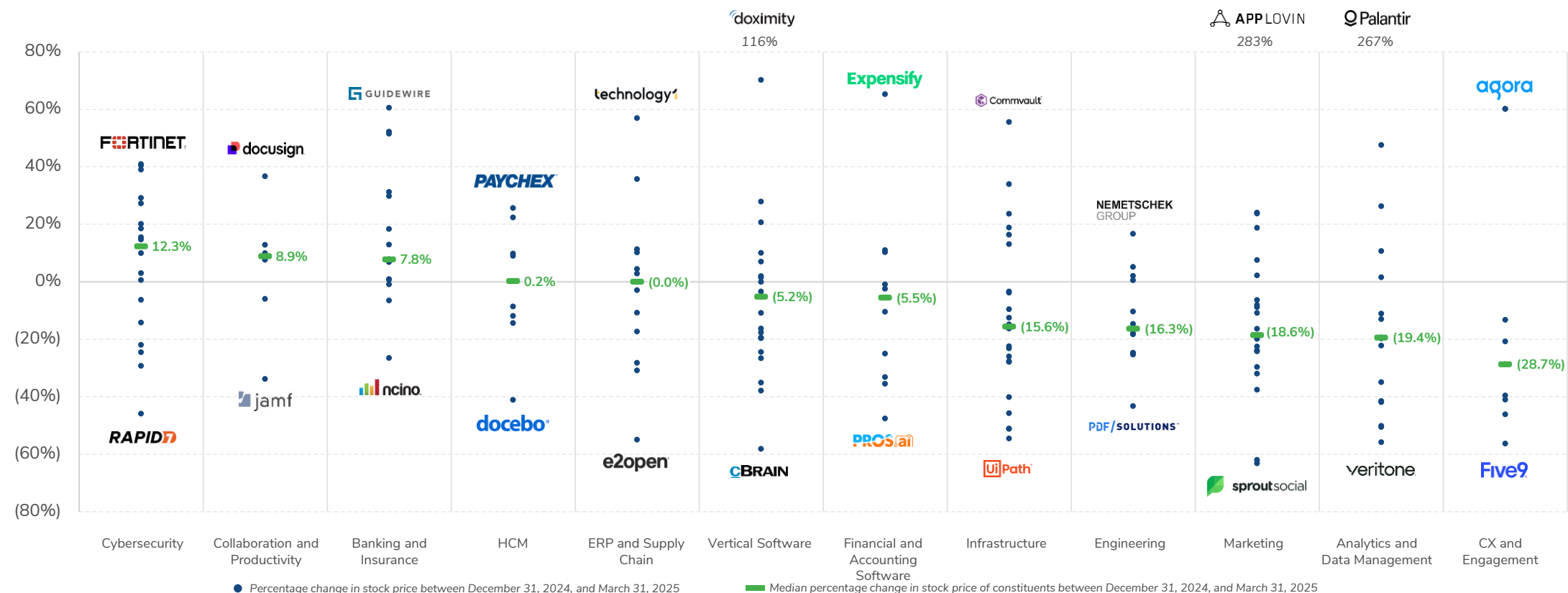


Does not include companies listed after March 31, 2024; Buckets ordered by median percentage change in stock price between March 31, 2024, and March 31, 2025; All trademarks, trade names, or logos referenced herein are the property of their respective owners
 Source: Capital IQ as of March 31, 2025

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

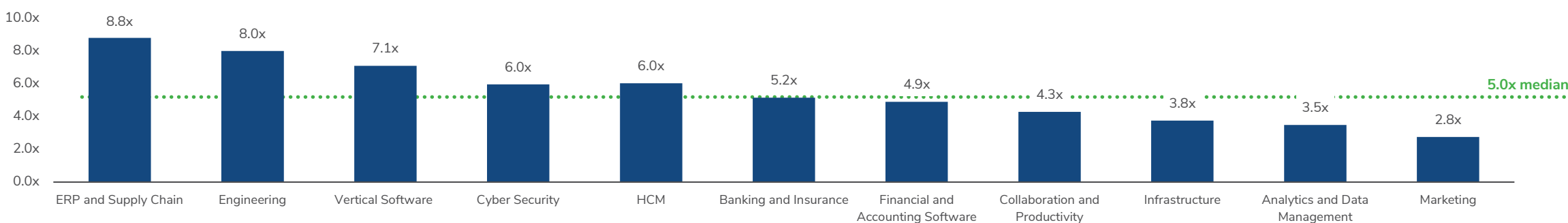


Does not include companies listed after December 31, 2024; Buckets ordered by median percentage change in stock price between December 31, 2024, and March 31, 2025; All trademarks, trade names, or logos referenced herein are the property of their respective owners
Source: Capital IQ as of March 31, 2025

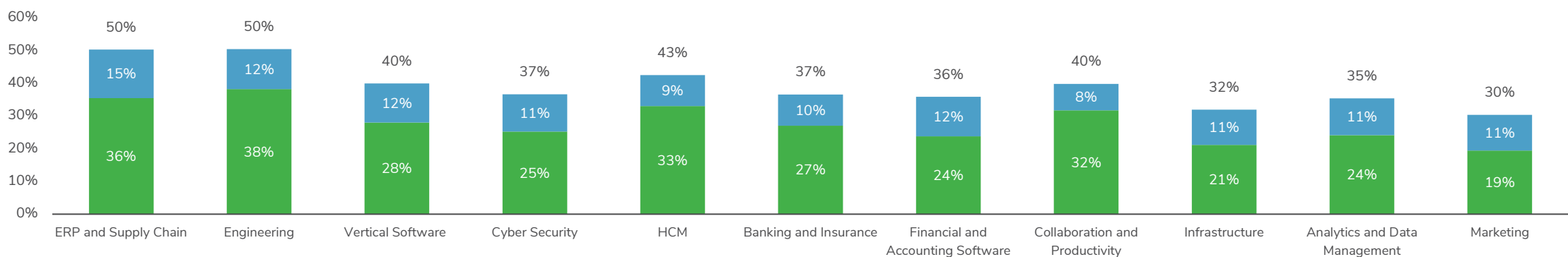
Significant Differences Exist in Multiples Between Software Subsectors

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



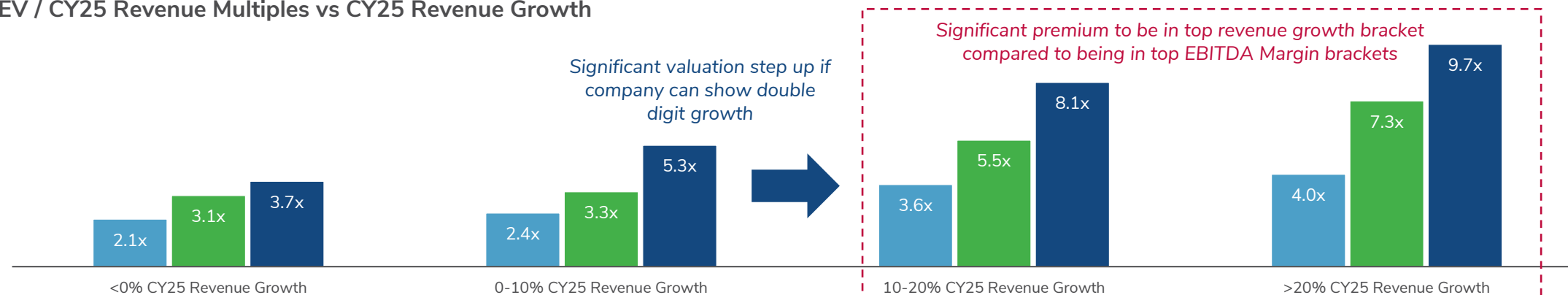
Buckets ordered by December 2025 revenue multiples
Source: Capital IQ as of March 31, 2025

CY25 Revenue Growth CY25 EBITDA Margin

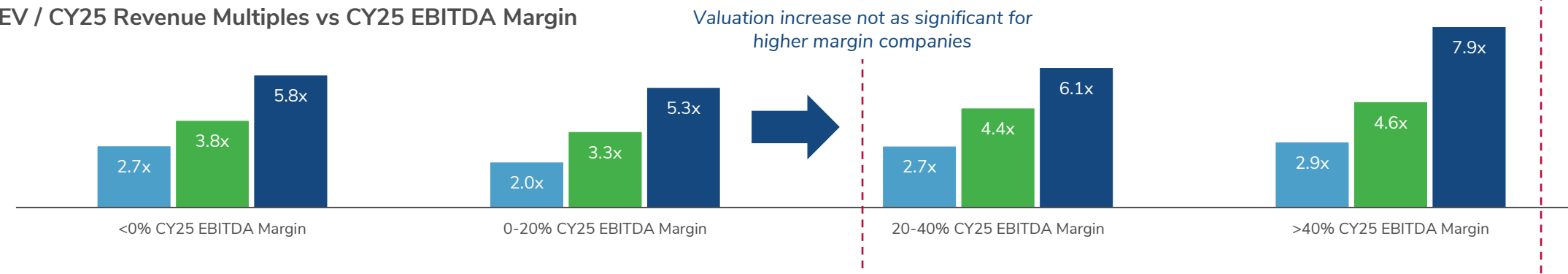
Public Markets Continue to Pay a Premium for Top Bracket Growth Rates

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

EV / CY25 Revenue Multiples vs CY25 Revenue Growth



EV / CY25 Revenue Multiples vs CY25 EBITDA Margin



Source: Capital IQ as of March 31, 2025

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

Select Private Equity Transactions

 <p>has received investment from</p> 	 <p>has received investment from</p> 	 <p>has received investment from</p> 
 <p>has received investment from</p> 	 <p>has received investment from</p> 	 <p>has received investment from</p> 
 <p>has received investment from</p> 	 <p>has received investment from</p> 	 <p>has received investment from</p> 

Select Strategic Buyer Transactions

 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 

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



Governance, Regulatory & Compliance



Education & Training



Information Technology



Retail & Commerce



Supply Chain & Logistics



Marketing & Media



Financial Services



Cybersecurity



Data & Analytics

Select Technology Transaction Experience

 has been acquired by 	 has been acquired by 	 has been acquired by a portfolio company of 	 has been acquired by 	 has received investment from 	 has been acquired by
 has been acquired by 	 has received a majority investment from 	 has been acquired by 	 has been acquired by 	 has been acquired by 	 has been acquired by
 has received a majority investment from 	 has been acquired by 	 has been acquired by 	 has been acquired by 	 has merged with 	 has been acquired by
 has been acquired by 	 has acquired 	 has been acquired by 	 has acquired 	 has been acquired by 	 has received a majority investment from



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