



Global Software Sector Update

Industry Insights

Summer 2025

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Executive Summary

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Strong H1 Puts Annualized Deal Activity on Track for a Record Year in Deal Volume and Second Highest by Value



Recovery in Strategic Multiples Continued in H1 of 2025, as Strategic Buyers Drive the Recovery in M&A



Public Markets Premium for Top Bracket Growth Rates Expands in Q2 as Investors Reward Growth

Key Market Updates

Software M&A activity remained robust in Q2 2025, with deal volume just marginally (4%) down on record-breaking Q1 and up 52% over the same period in 2024. Activity was skewed toward smaller deals with deal value in Q2 up only 12% year-on-year. Strategic buyers continue to drive activity during 2025, and the median valuation premium for a strategic versus financial buyer doubled versus Q1 from 0.4x to 0.8x, with median strategic multiple of EV / LTM revenue for Q2 of 5.4x compared with 4.6x for financial buyers.

Themes in the quarter included sustained appeal of vertical market software, particularly in sectors which are under digitized, targets with proprietary data, sticky customer bases and platforms for domain-specific workflow automation. Notable deals in healthcare (HealthEdge acquired by Bain Capital) and aerospace (Boeing Digital Aviation Solutions acquired by Thoma Bravo) accounted for three of the largest deals in the quarter, with hospitality and legal being the two other verticals with significant deal activity.

Artificial Intelligence (AI) continues to be at the center of many strategic theses in both horizontal and vertical software deals, with buyers seeking software vendors with embedded AI features, particularly in document intelligence and conversational AI. Data governance and management is another area seeing strong AI-driven interest, with Informatica's acquisition by Salesforce a recent example.

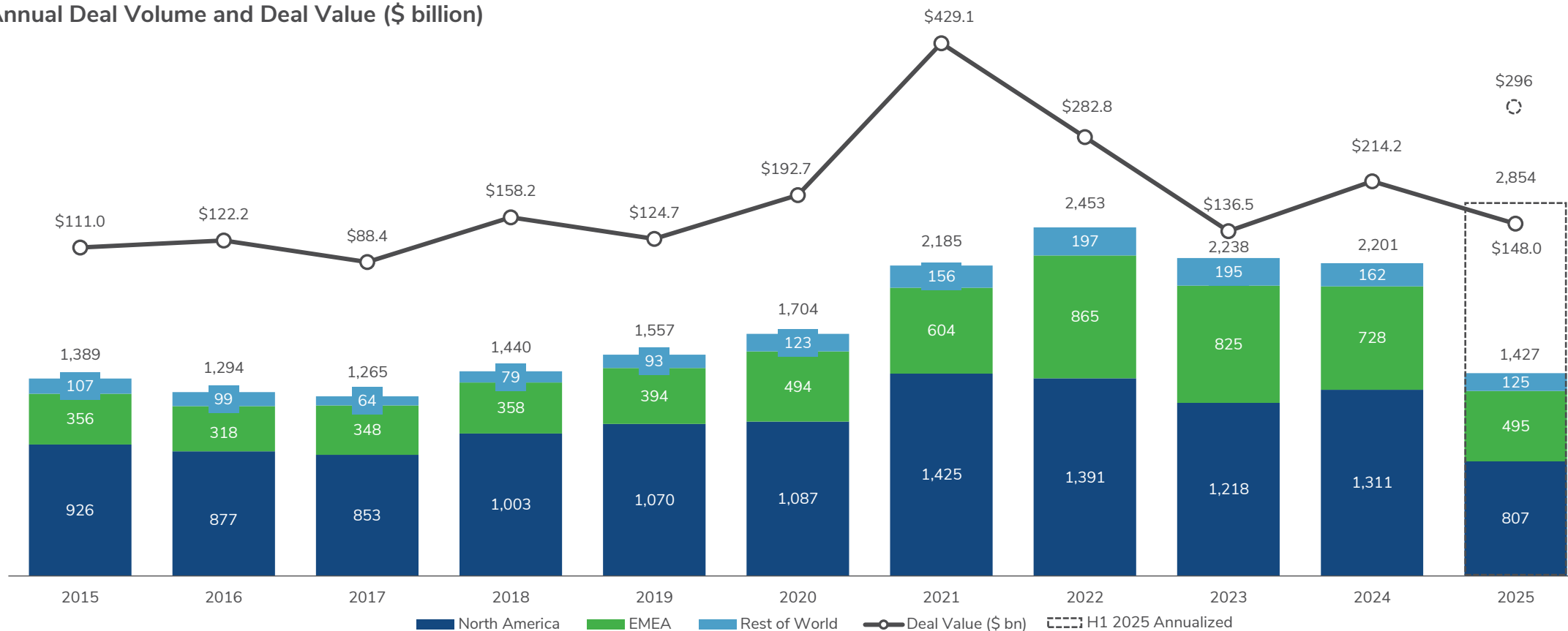
Public software markets were relatively calm in the quarter, with multiples being maintained at the upper quartile and median, while slightly improving for the lower quartile during the quarter. Cybersecurity, ERP and supply chain were the best performing sectors in the public equity markets, with AI-led growth a common theme for the leaders in each sector (Oracle and Zscaler).

Heading toward the end of the summer, we expect to see a pickup in private equity-led deal activity in the second half, as strategic-led deal activity unlocks some long-awaited liquidity in the deal market, while we anticipate continued momentum in cybersecurity, vertical SaaS and AI-enabled infrastructure. Buyers remain focused on capital-efficient growth, strong retention and end-market tailwinds such as regulatory complexity, labor efficiency and data security.

Strong H1 Puts Annualized Deal Activity on Track for a Record Year in Deal Volume and Second Highest by Value

Deal activity accelerated in H1 2025, with deal volume up by 44% and deal value rising by 21% over H1 2024

Annual Deal Volume and Deal Value (\$ billion)



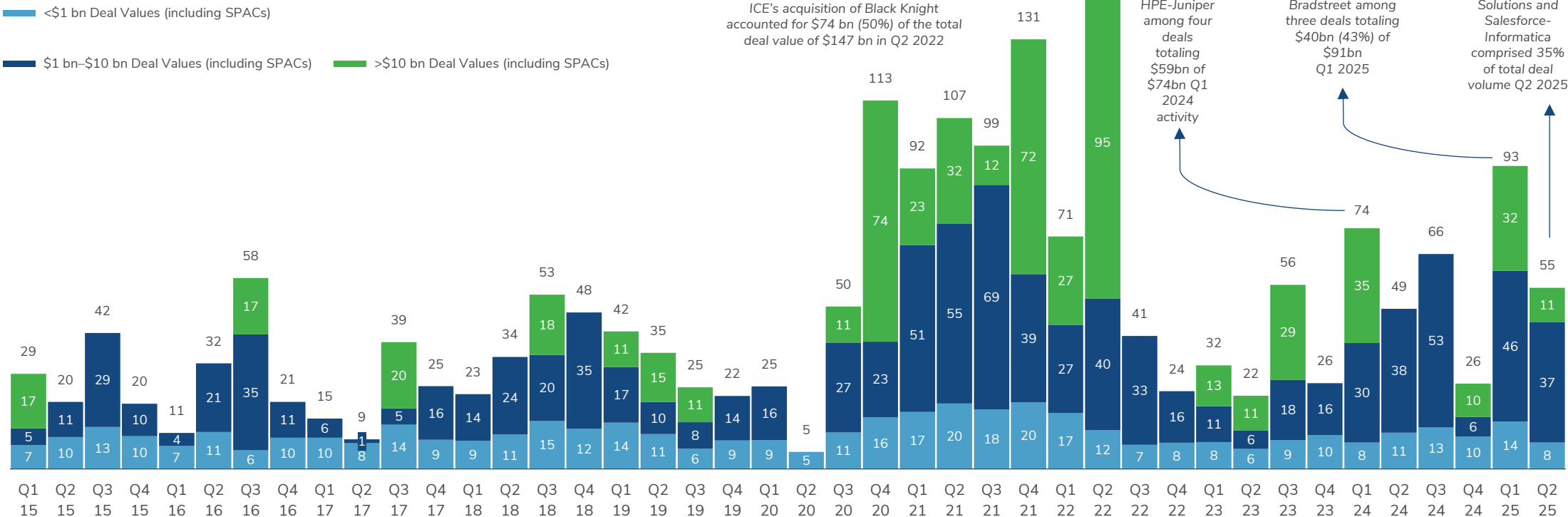
Source: 451 Research and Mergermarket as of June 30, 2025

Q2 Deal Value up 13% Year on Year, with Uptick in >\$10 bn Deal Size Range

High Amount of Deal Value Mostly Driven By Deals Between \$1bn and \$10bn

Quarterly Deal Values (\$ bn) (Q1 2015 to Q2 2025)¹

Top number in each bar indicates total deal value in quarter



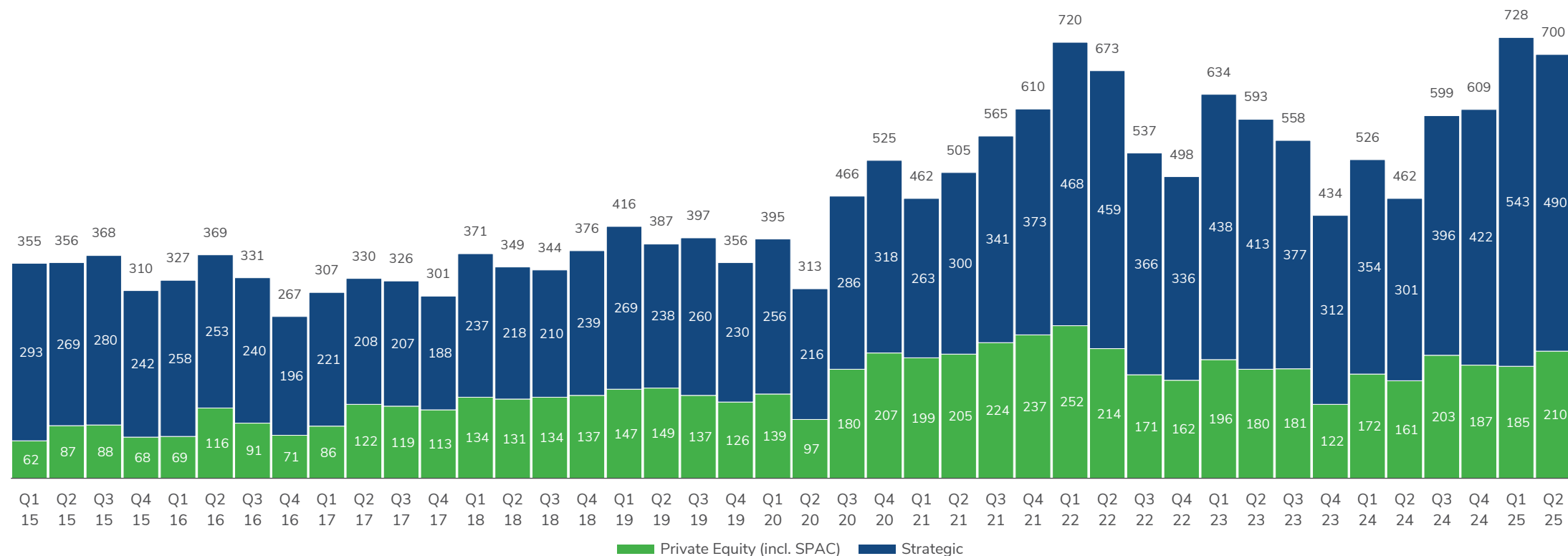
¹Between January 1, 2015, and June 30, 2025, 2024; SPAC = Special Purpose Acquisition Company
Source: 451 Research and Mergermarket as of June 30, 2025

Q2 Follows Strong Q1 With Deal Volume Being Third Highest After Q1 2025 and Q1 2022

Q2 Deal Volume up 52% Year on Year, with Growth Mostly Driven by Strategics

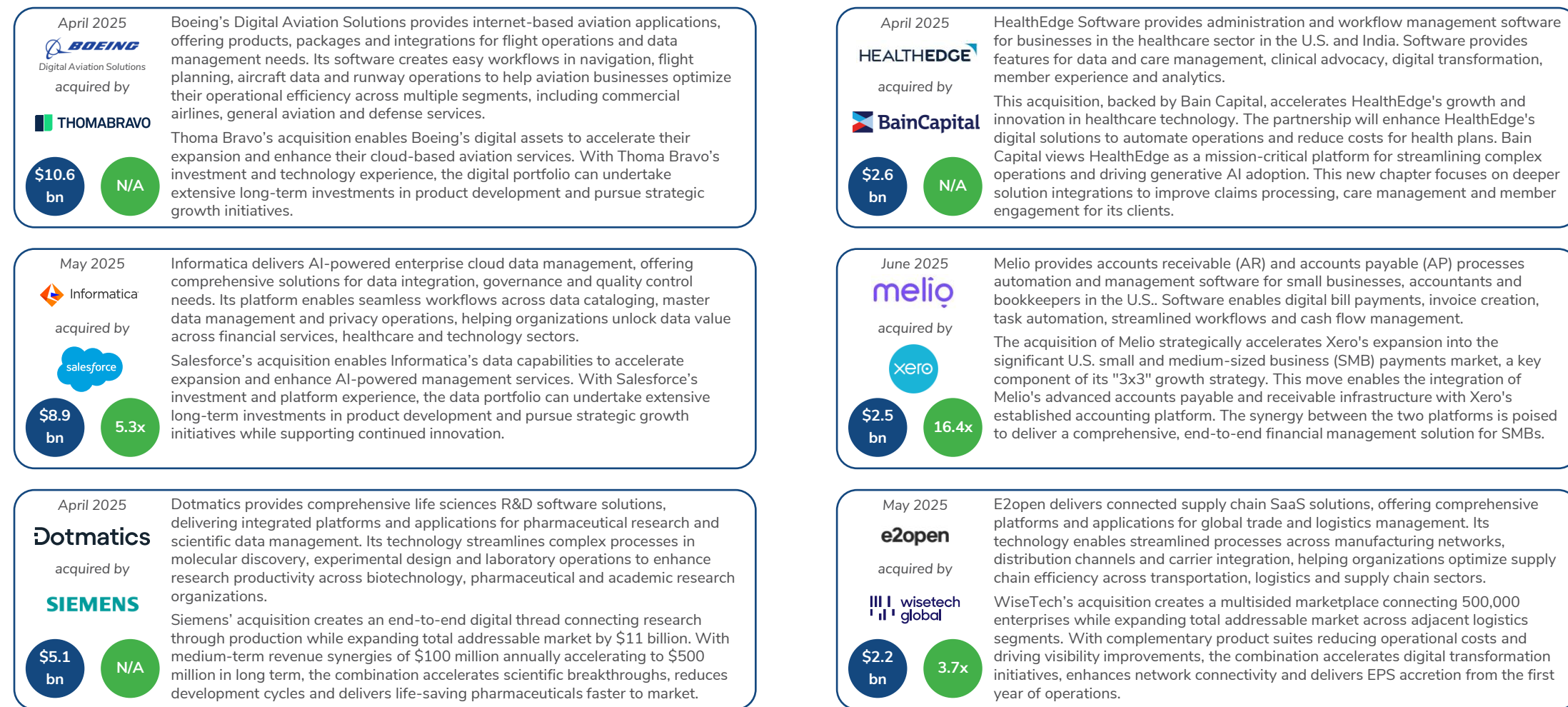
Quarterly Deal Volume (Q1 2015 to Q2 2025)¹

Top number in each bar indicates total deal volumes in quarter



¹Between January 1, 2015, and June 30, 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 June 30, 2025

Top Six Software Acquisitions over Q2 2025 by Enterprise Value



EV = enterprise value; LTM = last twelve months























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Source: 451 Research, Mergermarket, Press Releases as of June 30, 2025

























Other Notable Software Deals during Q2 2025

Strategic Deals (Q2 2025)

Date	Target	Acquirer	Enterprise Value and Multiple ¹	Target Abstract
Jun-25	 RESULTIX	 diginex	\$2.0 bn N/A	Audience engagement software solutions
May-25	 SevenRooms	 DOORDASH	\$1.2 bn N/A	Hospitality CRM & operations management software
May-25	 NEON	 databricks	\$1.0 bn N/A	Serverless Postgres database software
Jun-25	 v lex	 Clio	\$1.0 bn N/A	Legal research software
Apr-25	 PROTECT AI	 paloalto	\$700 mn N/A	AI application security & threat detection software
May-25	 red canary	 zscaler	\$675 mn N/A	Managed security software
Apr-25	 Touchcast	 Napster	\$500 mn N/A	Generative AI web software
May-25	 brightflag	 Wolters Kluwer	\$480 mn 21.1x	Legal spend & matter management software
Jun-25	 crunchydata	 snowflake	\$250 mn N/A	PostgreSQL database software
Jun-25	 SubgenAI	 Magnasense	\$228 mn N/A	Provides Models-as-a-Service
May-25	 eppo	 DATADOG	\$220 mn N/A	Change flagging & experimentation software

PE Deals² (Q2 2025)

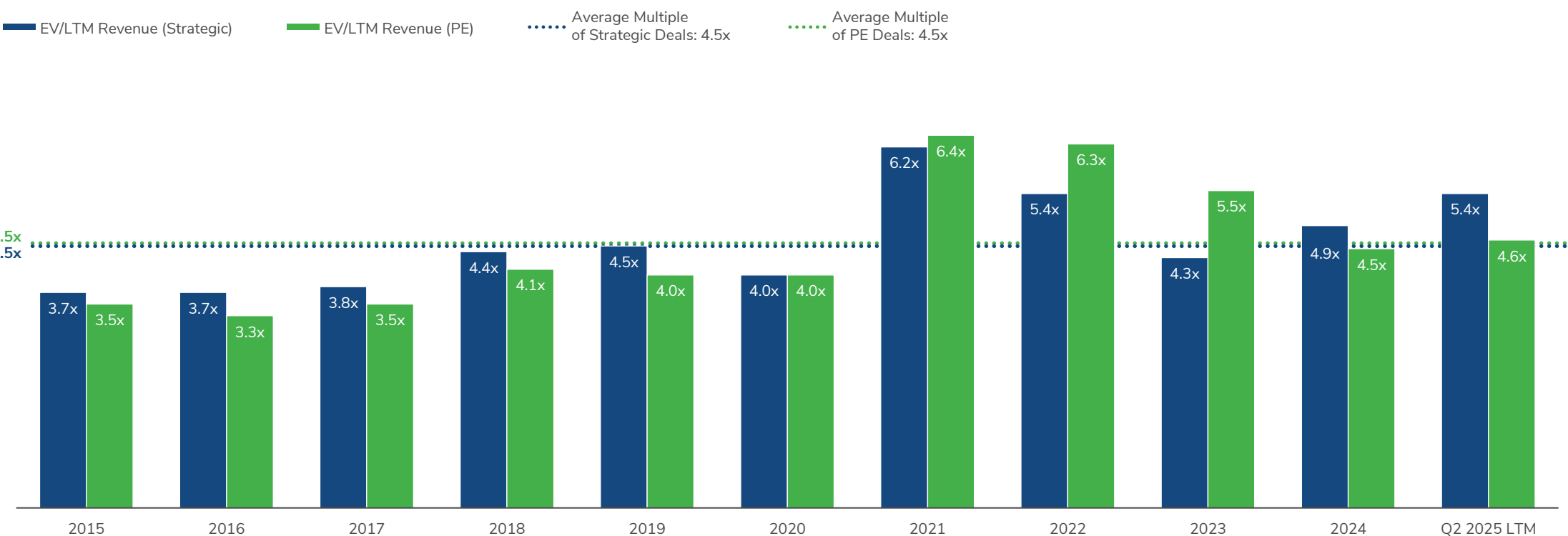
Date	Target	Acquirer	Enterprise Value and Multiple ¹	Target Abstract
May-25	 Acumatica <small>The Cloud ERP</small>	 VISTA	\$2.0 bn 16.0x	Cloud ERP business management software
Apr-25	 Office Ally	 <small>NEW MOUNTAIN CAPITAL</small>	\$1.8 bn N/A	Healthcare & practice management software
May-25	 avidxchange	 TPG	\$1.8 bn 4.0x	Accounts payable & payments software
Jun-25	 Couchbase	 HAVELI	\$1.4 bn 6.4x	Open source NoSQL DBaaS software
Apr-25	 Sabre <small>Hospitality Solutions</small>	 TPG	\$1.1 bn 3.4x	Hospitality management software
May-25	 HORNET SECURITY	 proofpoint <small>THOMABRAVO</small>	\$1.0 bn 6.3x	Cloud security software
Apr-25	 RADIANT LOGIC	 Ridgeview <small>PARTNERS</small>	\$500 mn 10.0x	Identity security posture management software
Jun-25	 Voyado	 Viking	\$370 mn N/A	Retail customer experience & engagement software
Jun-25	 Phocas	 AKKR <small>ACQUISITION</small>	\$324 mn N/A	Business intelligence software
Apr-25	 SuperOffice	 AXCEL	\$302 mn N/A	Customer relationship management
Jun-25	 hublo	 Five Arrows <small>Principal Investments</small> Revaia	\$288 mn N/A	Healthcare workflow 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;
Source: 451 Research and Mergermarket as of June 30, 2025

Recovery in Strategic Multiples Continued in H1 of 2025 with Slight Increase in PE Multiples

Gap Between Strategics and PE at Highest since 2023 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 June 30, 2025

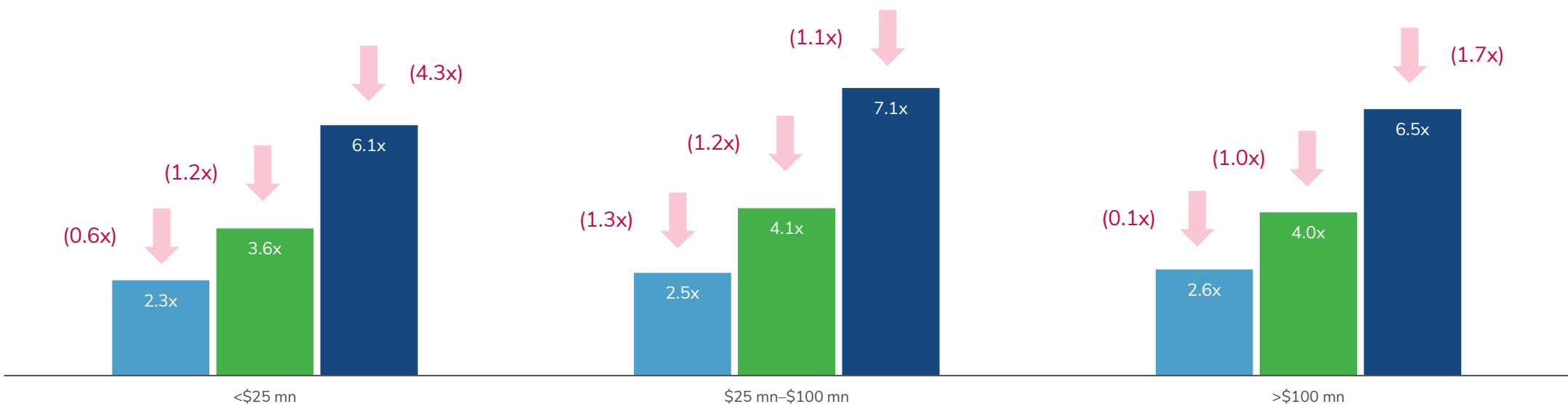
SaaS Deal Multiples by Quartile and Target Revenue Have Significantly Declined in Last Twelve Months

Exclusion of 2022 in Calculation Reduced Multiples Across All Segments

Deal Multiples Quartiles by Last 12 Months Revenue

First Quartile Median Third Quartile

Values in green / red indicate change in multiples compared to Q2 2024 EV / Revenue multiples



Transactions selected are based on the following parameters: (i) target company with SaaS business model; (ii) transaction announced between June 30, 2023, and June 30, 2025; (iii) disclosed EV/LTM revenue multiple; and (iv) excluding outliers and SPAC transactions
Source: 451 Research and Mergermarket as of June 30, 2025

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



ERP = Enterprise Resource Planning; HCM = Human Capital Management

Source: S&P Global Market Intelligence as of June 30, 2025, including the most actively traded software companies for respective covered sectors and excluding most microcap companies

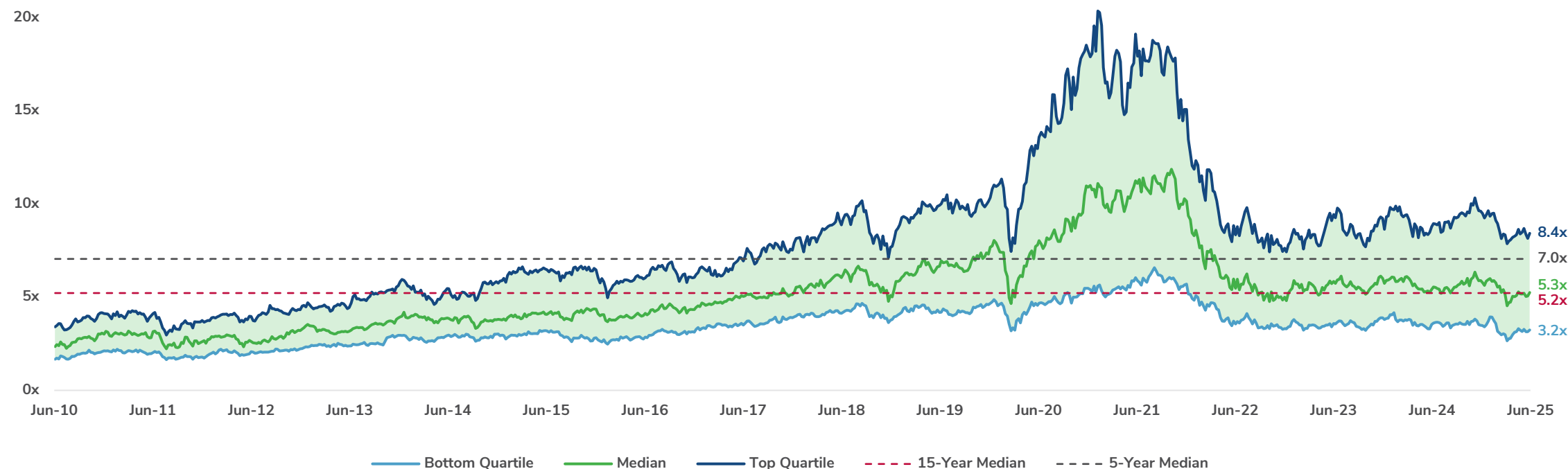
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Public SaaS Companies' EV/NTM Revenue Multiples in Line with the 15-Year Median

Median Multiple Trading at 5.3x 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



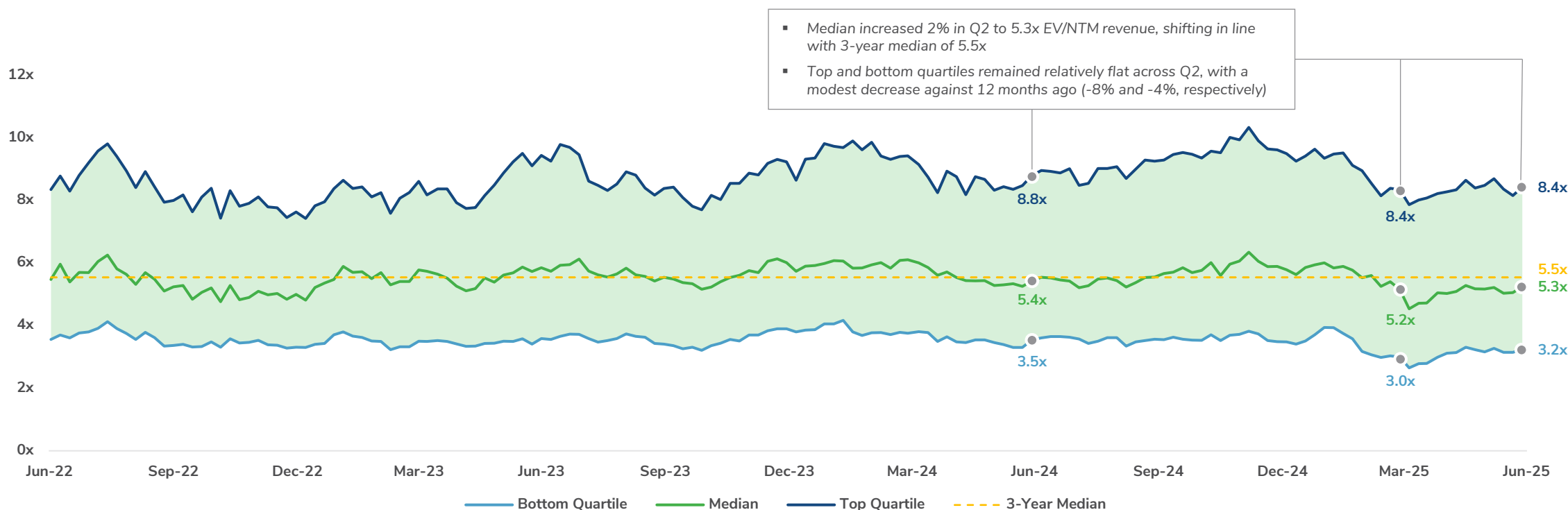
Our Technology Investment Banking Practice SaaS Index includes 181 companies that offer SaaS solutions; NTM = Next Twelve Months
Source: Capital IQ as of June 30, 2025

Revenue Multiples Have Remained Relatively Flat since their Post-Covid Correction, with a Modest Increase in Q2 2025

Median EV/NTM Revenue Multiple Grew 2% in Q2, Remaining in Line with 3-Year Median

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

EV/NTM Revenue

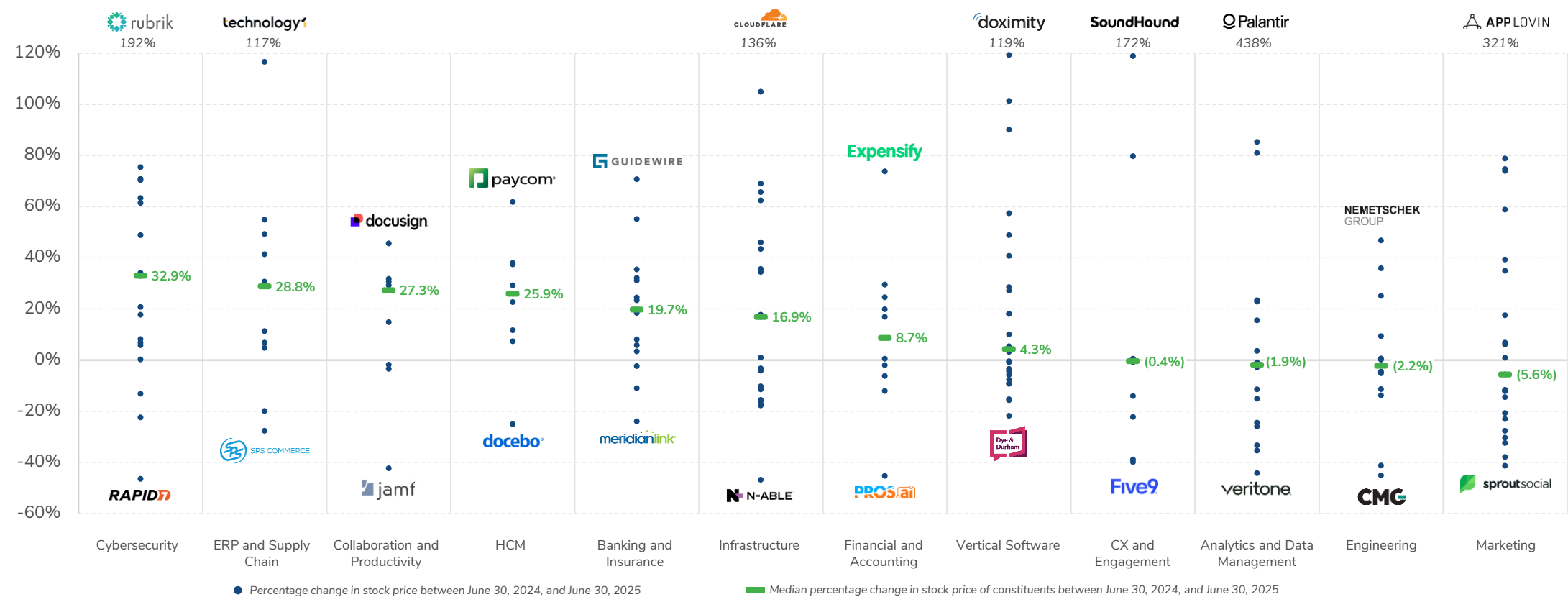


Our Technology Investment Banking Practice SaaS Index includes 181 companies that offer SaaS solutions; NTM = Next Twelve Months
Source: Capital IQ as of June 30, 2025

Last 12 Months Performance of Stock Prices

Positive Performance Across Most Subsectors, with Significant Differences between High and Low Performers

Performance of Our Technology Investment Banking Practice’s Tracked Software Universe between June 30, 2024, and June 30, 2025

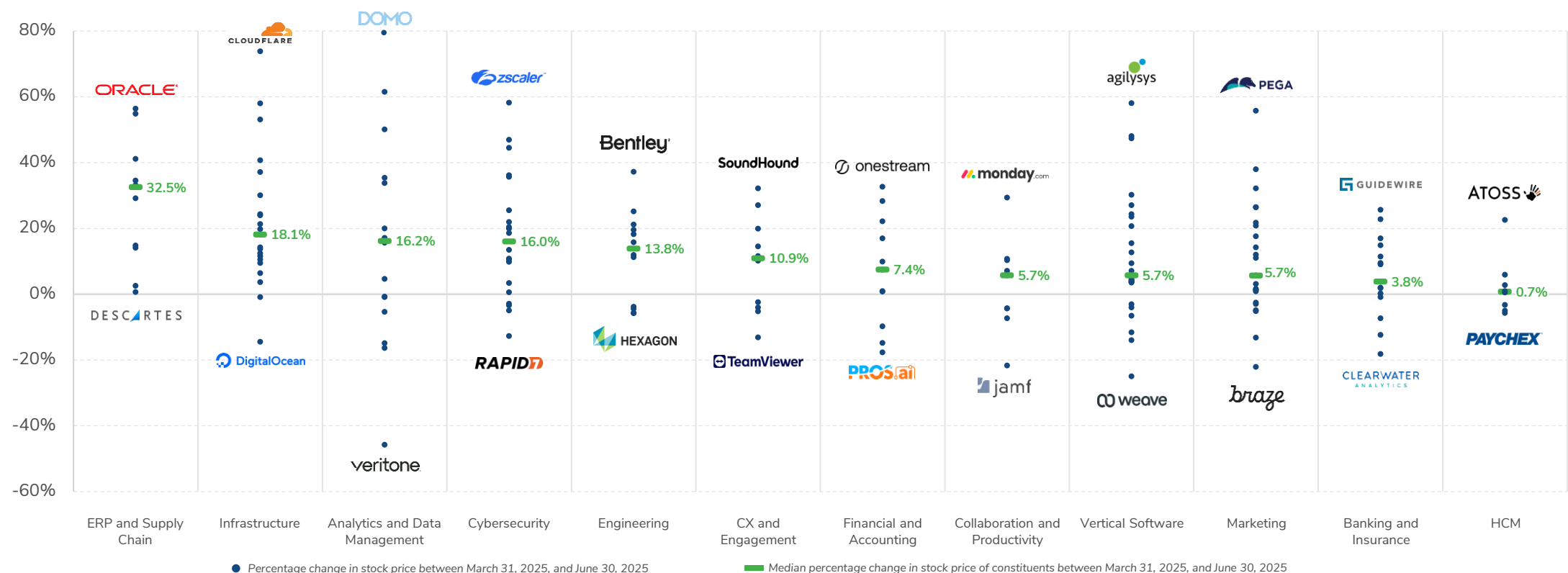


Does not include companies listed after June 30, 2024; Buckets ordered by median percentage change in stock price between June 30, 2024, and June 30, 2025; All trademarks, trade names, or logos referenced herein are the property of their respective owners
Source: Capital IQ as of June 30, 2025

Quarterly Performance of Stock Prices

All Software Subsectors Experienced Growth in Q2 2025

Performance of Our Technology Investment Banking Practice’s Tracked Software Universe between March 31, 2025, and June 30, 2025

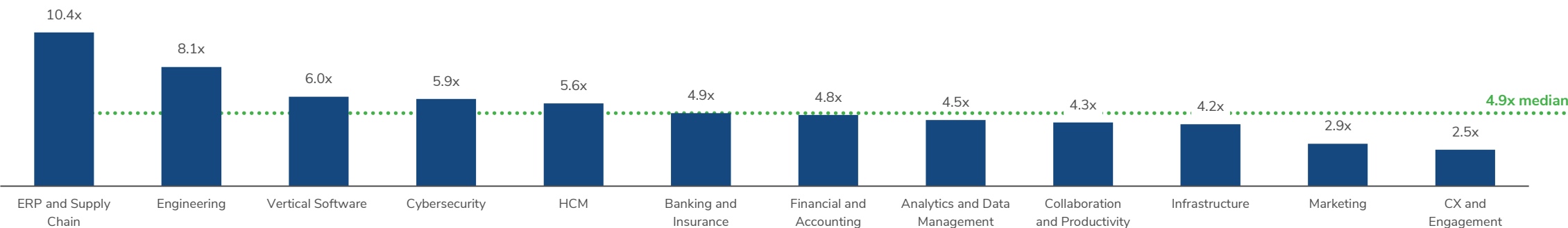


Does not include companies listed after March 31, 2025; Buckets ordered by median percentage change in stock price between March 31, 2025, and June 30, 2025; All trademarks, trade names, or logos referenced herein are the property of their respective owners
Source: Capital IQ as of June 30, 2025

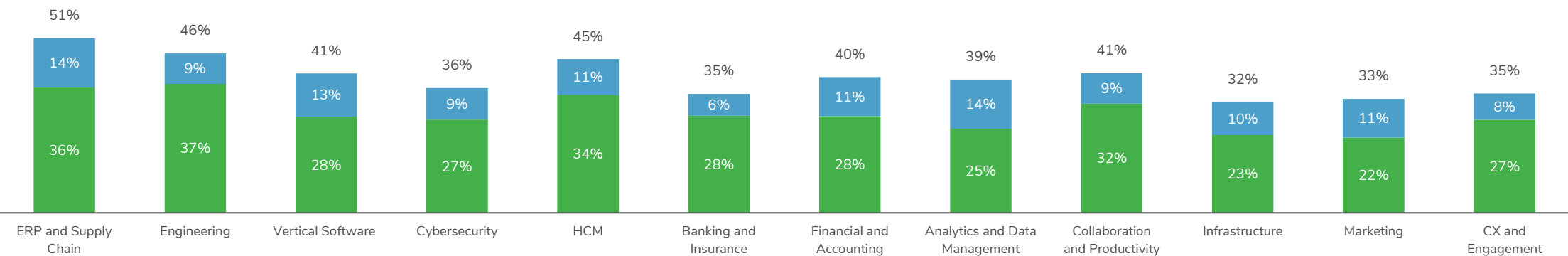
Significant Differences Exist in Multiples Between Software Subsectors

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

EV / CY25 Revenue Multiples



Revenue Growth & EBITDA Margins



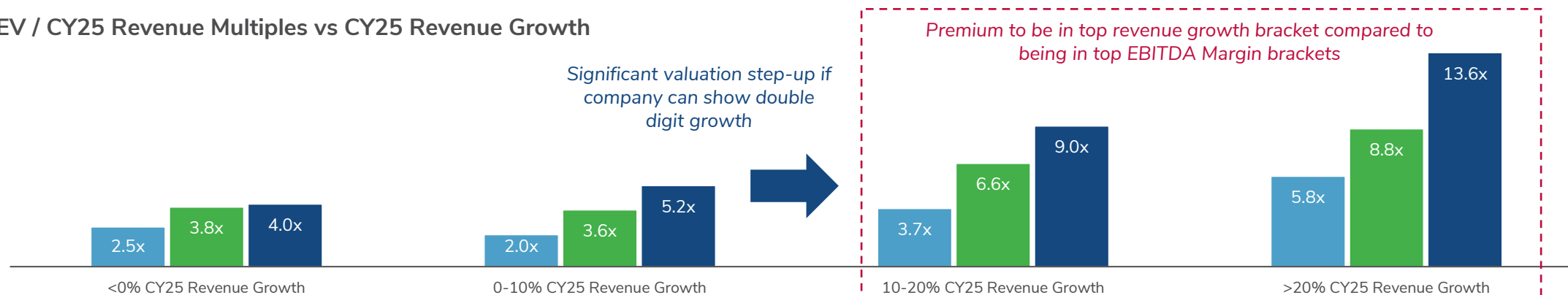
Buckets ordered by CY25 revenue multiples
Source: Capital IQ as of June 30, 2025

■ CY25 Revenue Growth ■ CY25 EBITDA Margin

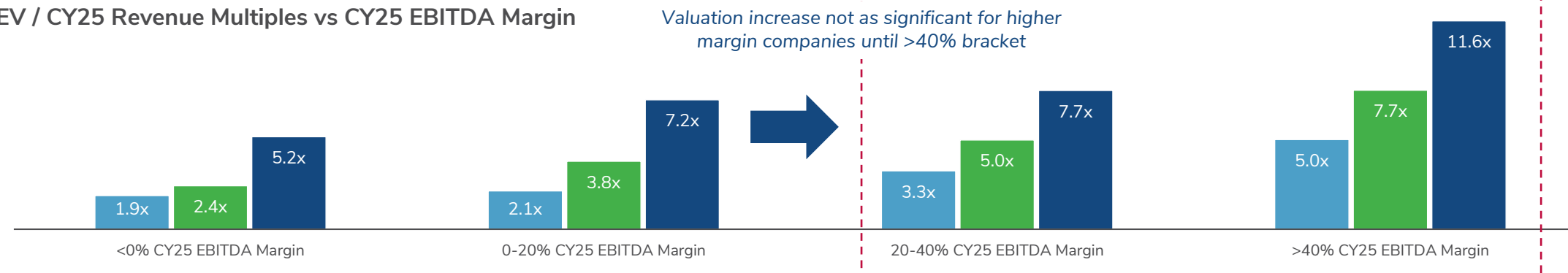
Public Markets Continue to Pay a Premium for Top Bracket Growth Rates

Significant Valuation Step-Up for Companies that Show Double Digit Growth

EV / CY25 Revenue Multiples vs CY25 Revenue Growth



EV / CY25 Revenue Multiples vs CY25 EBITDA Margin



Source: Capital IQ as of June 30, 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 Transaction Experience

 has received investment from 	 has received investment from 	 has received investment from 	 has received investment from 	 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 received investment from
 has merged with 	 has been acquired by 	 has been acquired by 	 has acquired 	 has been acquired by 	 has acquired



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