

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.

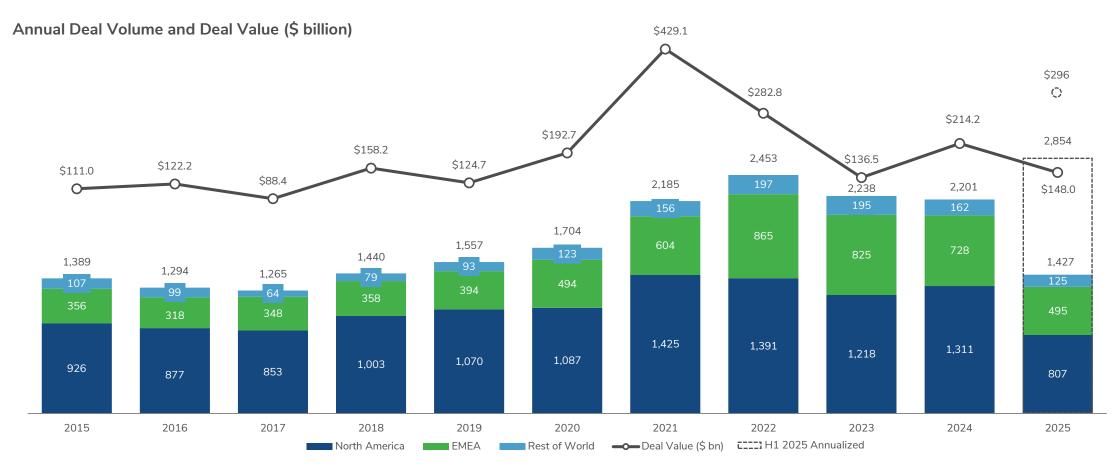
Public software markets were relatively calm in the quarter, with multiples being maintained at the upper quartile and median, while slightly improving for the lower quartile during the quarter. Cybersecurity, ERP and supply chain were the best performing sectors in the public equity markets, with AI-led 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 Al-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

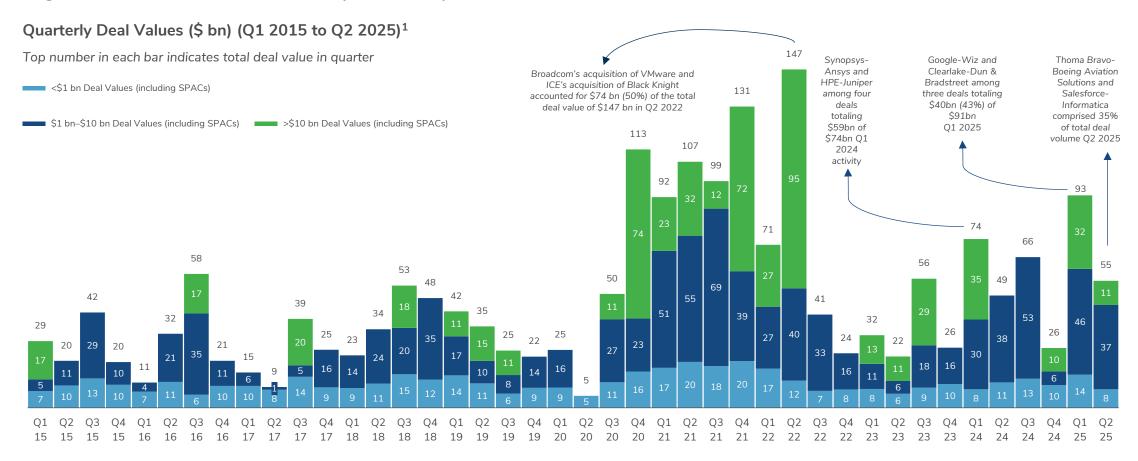
Deal activity accelerated in H1 2025, with deal volume up by 44% and deal value rising by 21% over H1 2024



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





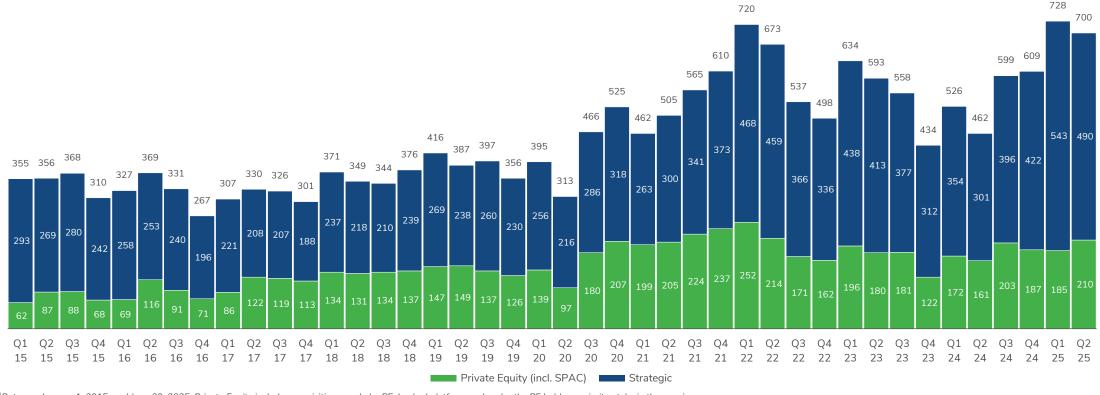


## **Q2 Follows Strong Q1 With Deal Volume Being Third Highest** After Q1 2025 and Q1 2022

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 guarter



<sup>&</sup>lt;sup>1</sup>Between 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

April 2025

Digital Aviation Solutions

acquired by







Boeing's Digital Aviation Solutions provides internet-based aviation applications, offering products, packages and integrations for flight operations and data management needs. Its software creates easy workflows in navigation, flight planning, aircraft data and runway operations to help aviation businesses optimize their operational efficiency across multiple segments, including commercial airlines, general aviation and defense services.

Thoma Bravo's acquisition enables Boeing's digital assets to accelerate their expansion and enhance their cloud-based aviation services. With Thoma Bravo's investment and technology experience, the digital portfolio can undertake extensive long-term investments in product development and pursue strategic growth initiatives.

May 2025

Informatica

acquired by







Informatica delivers AI-powered enterprise cloud data management, offering comprehensive solutions for data integration, governance and quality control needs. Its platform enables seamless workflows across data cataloging, master data management and privacy operations, helping organizations unlock data value across financial services, healthcare and technology sectors.

Salesforce's acquisition enables Informatica's data capabilities to accelerate expansion and enhance Al-powered management services. With Salesforce's investment and platform experience, the data portfolio can undertake extensive long-term investments in product development and pursue strategic growth initiatives while supporting continued innovation.

April 2025

#### **Dotmatics**

acquired by

**SIEMENS** 



Dotmatics provides comprehensive life sciences R&D software solutions, delivering integrated platforms and applications for pharmaceutical research and scientific data management. Its technology streamlines complex processes in molecular discovery, experimental design and laboratory operations to enhance research productivity across biotechnology, pharmaceutical and academic research organizations.

Siemens' acquisition creates an end-to-end digital thread connecting research through production while expanding total addressable market by \$11 billion. With medium-term revenue synergies of \$100 million annually accelerating to \$500 million in long term, the combination accelerates scientific breakthroughs, reduces development cycles and delivers life-saving pharmaceuticals faster to market.

April 2025

HEALTHEDGE

acquired by







HealthEdge Software provides administration and workflow management software for businesses in the healthcare sector in the U.S. and India. Software provides features for data and care management, clinical advocacy, digital transformation, member experience and analytics.

This acquisition, backed by Bain Capital, accelerates HealthEdge's growth and innovation in healthcare technology. The partnership will enhance HealthEdge's digital solutions to automate operations and reduce costs for health plans. Bain Capital views HealthEdge as a mission-critical platform for streamlining complex operations and driving generative Al adoption. This new chapter focuses on deeper solution integrations to improve claims processing, care management and member engagement for its clients.

June 2025

acquired by





16.4x

Melio provides accounts receivable (AR) and accounts payable (AP) processes automation and management software for small businesses, accountants and bookkeepers in the U.S.. Software enables digital bill payments, invoice creation, task automation, streamlined workflows and cash flow management.

The acquisition of Melio strategically accelerates Xero's expansion into the significant U.S. small and medium-sized business (SMB) payments market, a key component of its "3x3" growth strategy. This move enables the integration of Melio's advanced accounts payable and receivable infrastructure with Xero's established accounting platform. The synergy between the two platforms is poised to deliver a comprehensive, end-to-end financial management solution for SMBs.

May 2025

e2open

acquired by

III I wisetech

\$2.2 bn

3.7x

E2open delivers connected supply chain SaaS solutions, offering comprehensive platforms and applications for global trade and logistics management. Its technology enables streamlined processes across manufacturing networks, distribution channels and carrier integration, helping organizations optimize supply chain efficiency across transportation, logistics and supply chain sectors.

WiseTech's acquisition creates a multisided marketplace connecting 500,000 enterprises while expanding total addressable market across adjacent logistics segments. With complementary product suites reducing operational costs and driving visibility improvements, the combination accelerates digital transformation initiatives, enhances network connectivity and delivers EPS accretion from the first year of operations.

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 June 30, 2025







## Other Notable Software Deals during Q2 2025

#### Strategic Deals (Q2 2025)

|        | • • •           | •                    |  |   |
|--------|-----------------|----------------------|--|---|
| Date   | Target          | Acquirer             | Enterprise Value and Multiple <sup>1</sup> | Target Abstract                                     |
| Jun-25 | RESULTICKS      | വ diginex            | \$2.0 bn<br>N/A                            | Audience engagement software solutions              |
| May-25 | SevenRooms      | DOORDASH             | \$1.2 bn<br>N/A                            | Hospitality CRM & operations management software    |
| May-25 | NEON            | <b> </b>             | \$1.0 bn<br>N/A                            | Serverless Postgres database software               |
| Jun-25 | vlex            | <b>⊘</b> Clio        | \$1.0 bn<br>N/A                            | Legal research software                             |
| Apr-25 | ⊕ PROTECT AI    | paloalto partworks   | \$700 mn<br>N/A                            | Al application security & threat detection software |
| May-25 | 🏓 red canary    | <b>Ezscaler</b>      | \$675 mn<br>N/A                            | Managed security software                           |
| Apr-25 | > Touchcast     | Napster              | \$500 mn<br>N/A                            | Generative AI web software                          |
| May-25 | brightflag      | . Wolters Kluwer     | \$480 mn<br>21.1x                          | Legal spend & matter management software            |
| Jun-25 | crunchy data    | snowflake            | \$250 mn<br>N/A                            | PostgreSQL database software                        |
| Jun-25 | <b>SubgenAl</b> | <u>(j</u> Magnasense | \$228 mn<br>N/A                            | Provides Models-as-a-<br>Service                    |
| May-25 | eppo            | DATADOG              | \$220 mn<br>N/A                            | Change flagging & experimentation software          |

#### PE Deals<sup>2</sup> (Q2 2025)

| Date   | Target                            | Acquirer                   | Enterprise Valu<br>and Multiple <sup>1</sup> | e<br>Target Abstract                             |
|--------|-----------------------------------|----------------------------|--|--|
| May-25 | Acumatica The Cloud ERP           | ₩ VISTA                    | \$2.0 bn<br>16.0x                            | Cloud ERP business<br>management software        |
| Apr-25 | Office Ally                       | N M C New Mountain Capital | \$1.8 bn<br>N/A                              | Healthcare & practice management software        |
| May-25 | <b>⊠</b> avidxchange <sup>.</sup> | TPG                        | \$1.8 bn<br>4.0x                             | Accounts payable & payments software             |
| Jun-25 | Couchbase                         | HAVELI                     | \$1.4 bn<br>6.4x                             | Open source NoSQL DBaaS software                 |
| Apr-25 | Sabre   Hospitality Solutions.    | TPG                        | \$1.1 bn<br>3.4x                             | Hospitality management software                  |
| May-25 | HORNETSECURITY                    | proofpoint.  THOMABRAVO    | \$1.0 bn<br>6.3x                             | Cloud security software                          |
| Apr-25 | RADIANT LOGIC                     | Ridgeview                  | \$500 mn<br>10.0x                            | Identity security posture management software    |
| Jun-25 | <b>↓</b> Voyado                   | Viking                     | \$370 mn<br>N/A                              | Retail customer experience & engagement software |
| Jun-25 | Phocas.                           | AKKR                       | \$324 mn<br>N/A                              | Business intelligence software                   |
| Apr-25 | SuperOffice.                      | -AXCEL                     | \$302 mn<br>N/A                              | Customer relationship management                 |
| Jun-25 | <b>■</b> hublo                    | ** Five Arrows Revais      | \$288 mn<br>N/A                              | Healthcare workflow 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;





# 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

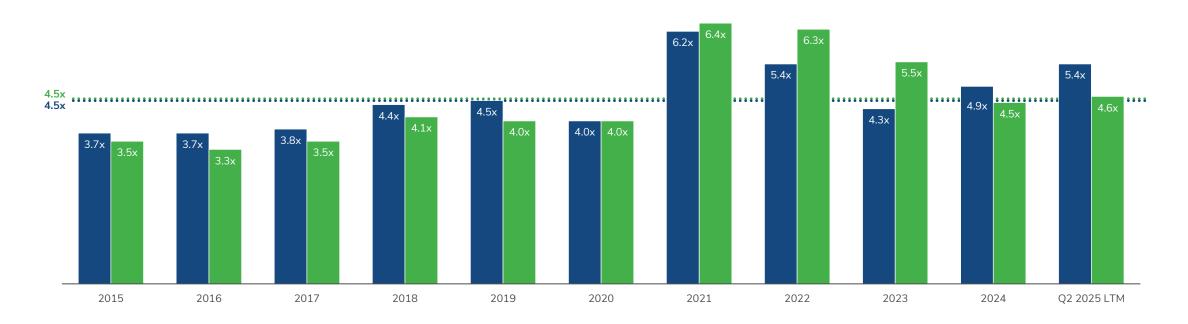
#### **Annual Median Deal Multiples**

EV/LTM Revenue (Strategic)

EV/LTM Revenue (PE)

Average Multiple of Strategic Deals: 4.5x

of PE Deals: 4.5x





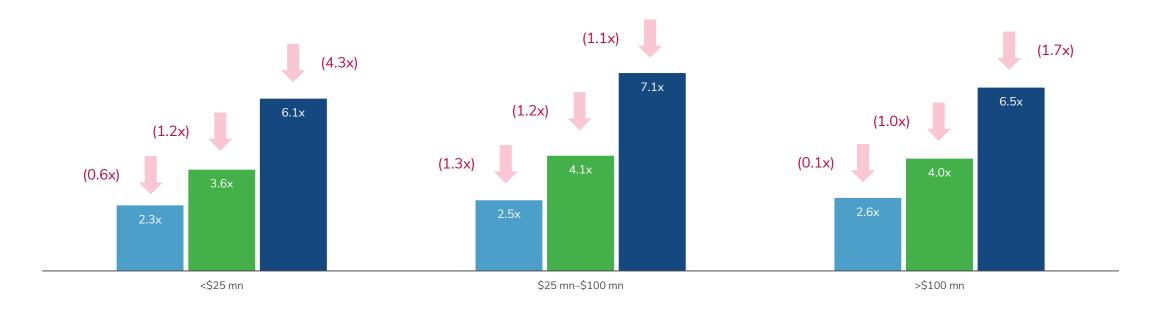
## SaaS Deal Multiples by Quartile and Target Revenue Have **Significantly Declined in Last Twelve Months**

Exclusion of 2022 in Calculation Reduced Multiples Across All Segments

Deal Multiples Quartiles by Last 12 Months Revenue

First Ouartile 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



Engineering

Bentleu<sup>s</sup>

MEXAGON

PDF/SOLUTIONS

Roper

Trimble.

AUTODESK

cādence'

S PASSAULT

NEMETSCHEK

atc 😵

SYNOPSYS\*

















Otenable OTREND

Cybersecurity

CHECK POINT CROWDSTRIKE CYBERARK

Gen

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**Extreme** 

F-Secure.

**paloalto** 

RAPIDI

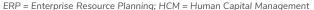
SentinelOne

F RTIDET

🎇 okta

:: radware

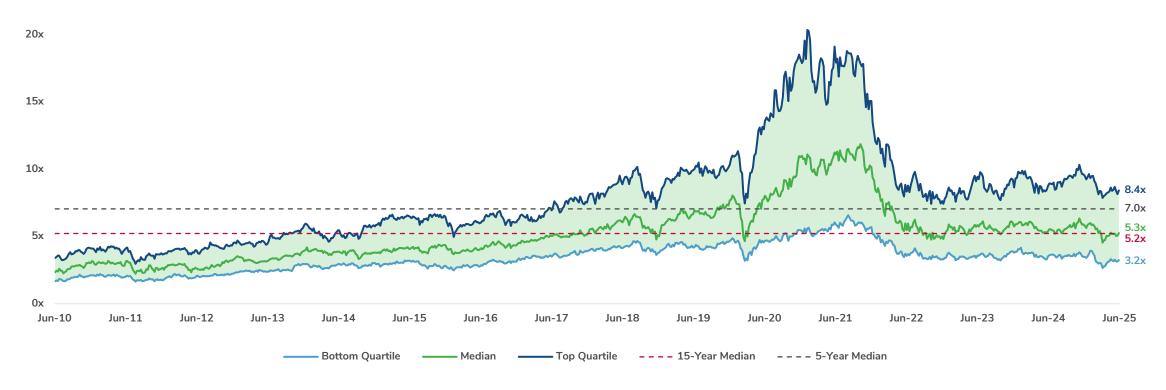




## Public SaaS Companies' EV/NTM Revenue Multiples in Line with the 15-Year Median

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



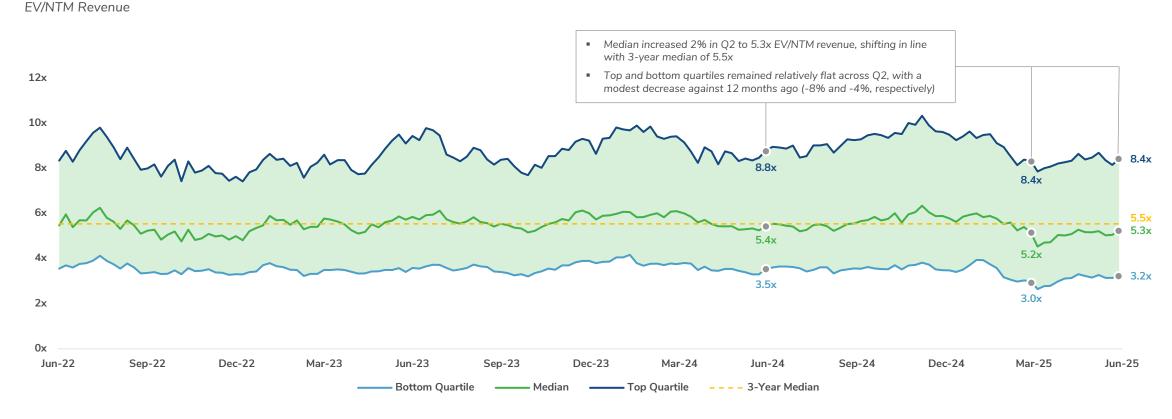


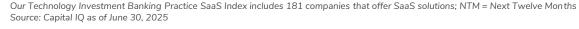


## Revenue Multiples Have Remained Relatively Flat since their Post-Covid Correction, with a Modest Increase in Q2 2025

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



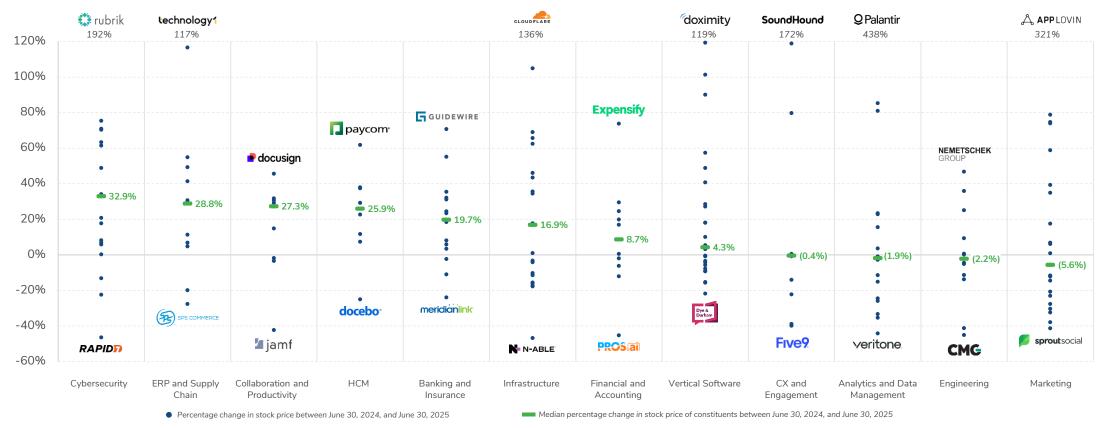




### **Last 12 Months Performance of Stock Prices**

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

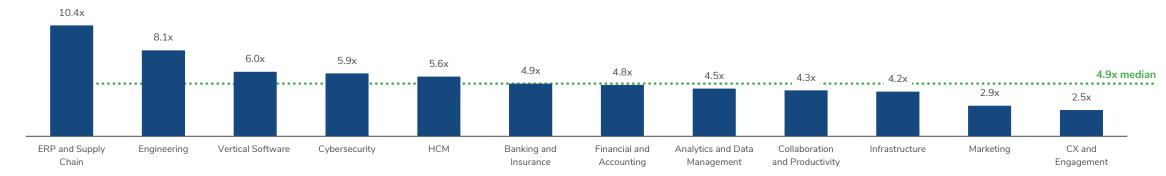
Source: Capital IQ as of June 30, 2025



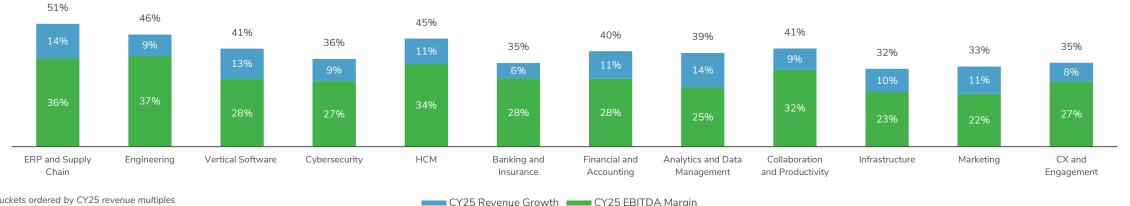
## Significant Differences Exist in Multiples Between Software **Subsectors**

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**

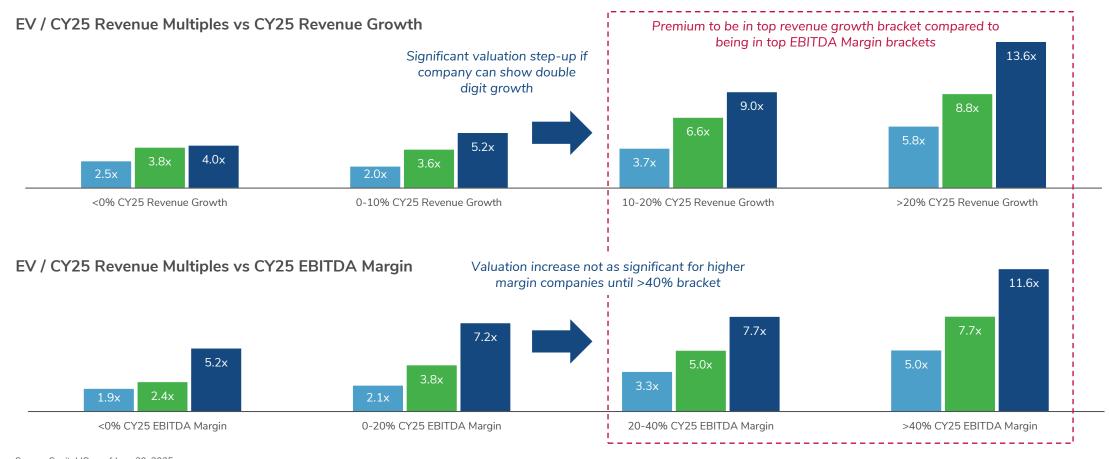


Buckets ordered by CY25 revenue multiples Source: Capital IQ as of June 30, 2025

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

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



Source: Capital IQ as of June 30, 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





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 Transaction Experience**



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SAP











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