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Global Software Sector Update

Industry Insights

FALL 2026

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Executive Summary

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2026 Annualized Deal Volume Approaches Record 2025 Levels, While Deal Value Ranks Fourth-Highest across the Last 10 Years



Strategic Buyers Continue to Pay Premium Valuations for High-Quality Assets, Particularly AI-Native Businesses



Most Software Subsectors in the Public Markets Have Recovered on Average 15% over the Course of Q3

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Key Market Updates

Software M&A activity continued in Q3 at a similar cadence to Q2, at close to record levels, bringing annualized deal volume to approximately 2,840 transactions, just below 2025's record. Announced deal value reached $80 billion (bn), comfortably exceeding Q2 deal value had it not included the $60 bn Cursor acquisition by SpaceX. Annualized deal value is on track for $274.8 bn, marginally behind 2025's level, which ranked the second highest on record.

Private equity buyers came cautiously back to the market in Q3, growing their share of deal activity from 25% to 28% versus strategic buyers, as sponsors show growing conviction around software businesses' defensibility and investment potential in the age of AI. Private equity deal participation still remains below the 33% average share since 2021, however, reflecting the more selective and fluid investment environment. Strategic acquirors remain focused on acquiring AI-enabled capabilities and proprietary data assets that can strengthen long-term competitive positioning and accelerate AI adoption.

The AI infrastructure sector was notable for deal activity this quarter, with the World Labs acquisition by AMD, Hugging Face by NVIDIA and OpenRouter by Stripe driving deal value. Elsewhere, activity was broadly spread across sectors and included some notable deals at the lower end of the valuation spectrum from buyers such as Bending Spoons, Nielsen and private equity investors, at multiples of 2x to 3x EV/LTM revenue. Across disclosed transactions year to date, median revenue multiples reached 6.1x for strategic buyers versus 4.0x for private equity. The overall median EBITDA multiple remained broadly stable at 16.3x, modestly below the 17.3x long-term average.

Public software valuations recovered but remain below historical levels. The median SaaS EV/NTM revenue multiple increased 18% during Q3 to 3.9x, approximately 28% below its 15-year median. Most software sectors benefited from the uplift and re-rating, with the exceptions of analytics and data management and banking and insurance software.

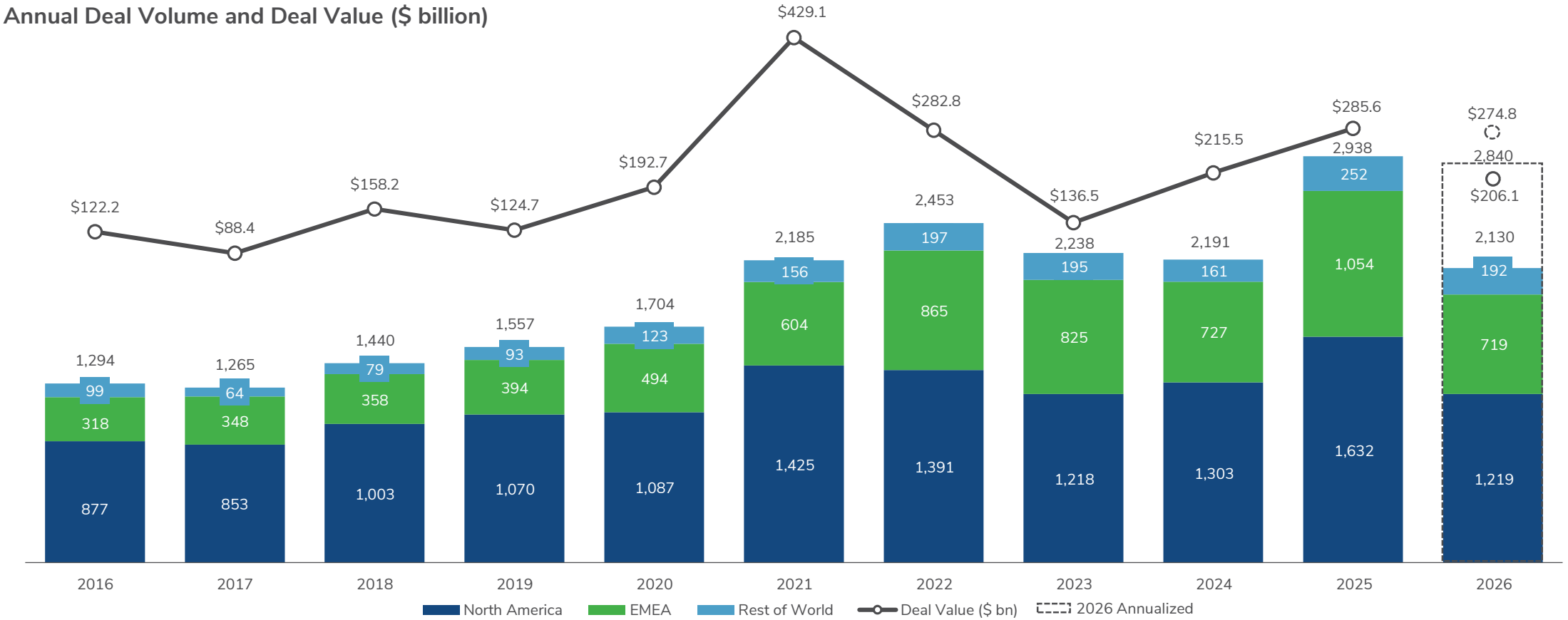
Looking to the end of 2026, we expect to see strategic buyers remain active while private equity buyers continue to increase their deal participation rate. Cybersecurity and AI-enabled business applications should attract continued interest alongside AI infrastructure. Sustained growth and evidence that AI strengthens a company's competitive position should remain central to buyer appetite and valuation.

Source: Gartner, Pitchbook, 451 Research, Capital IQ as of September 30, 2026

2026 Annualized Deal Volume Approaches Record 2025 Levels, While Deal Value Ranks Fourth-Highest Across the Last 10 Years

Several High-Profile AI Acquisitions Have Supported Strong Deal Value in 2026 YTD

Annual Deal Volume and Deal Value ($ billion)



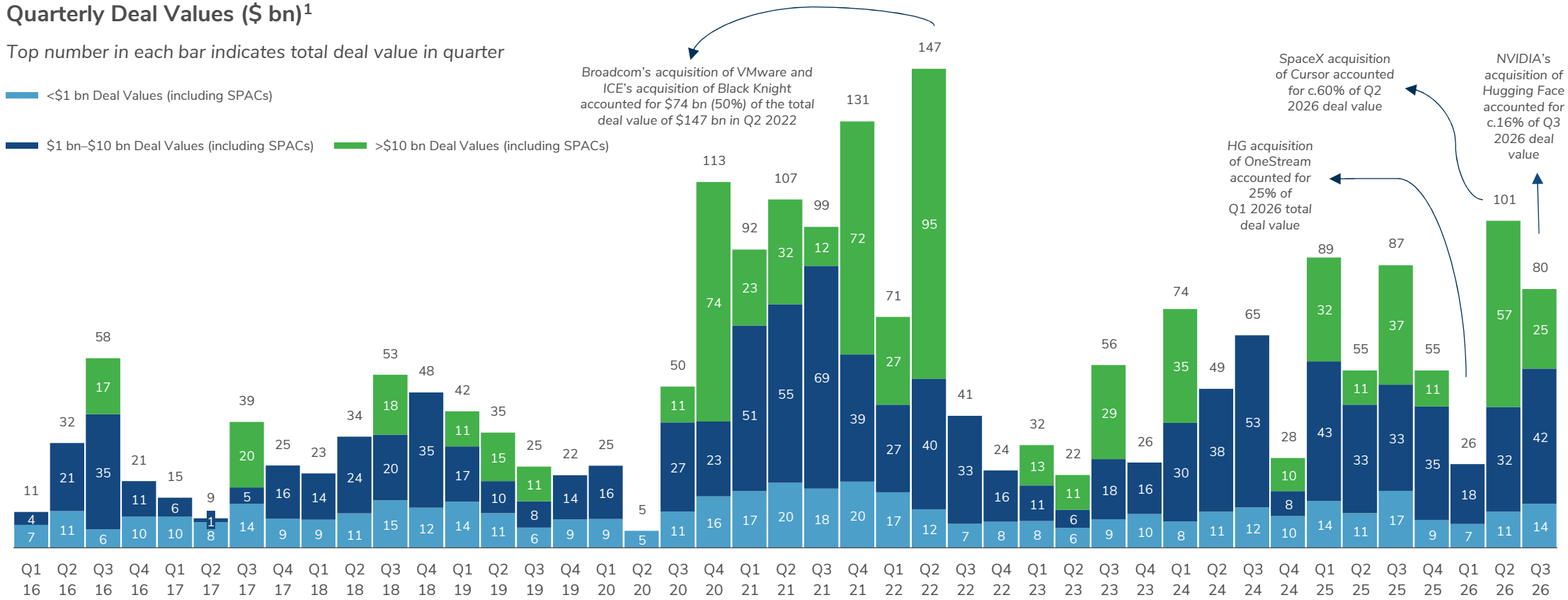
Source: 451 Research and Mergermarket as of September 30, 2026

Q3 2026 Deal Value Remained Resilient at $80bn, Supported by Strong Mid- and Large-Cap Transaction Activity

Third-Highest Q3 in 10 Years, with $1bn–$10bn Transactions Contributing c.53% of Deal Value

Quarterly Deal Values ($ bn)[1]

Top number in each bar indicates total deal value in quarter



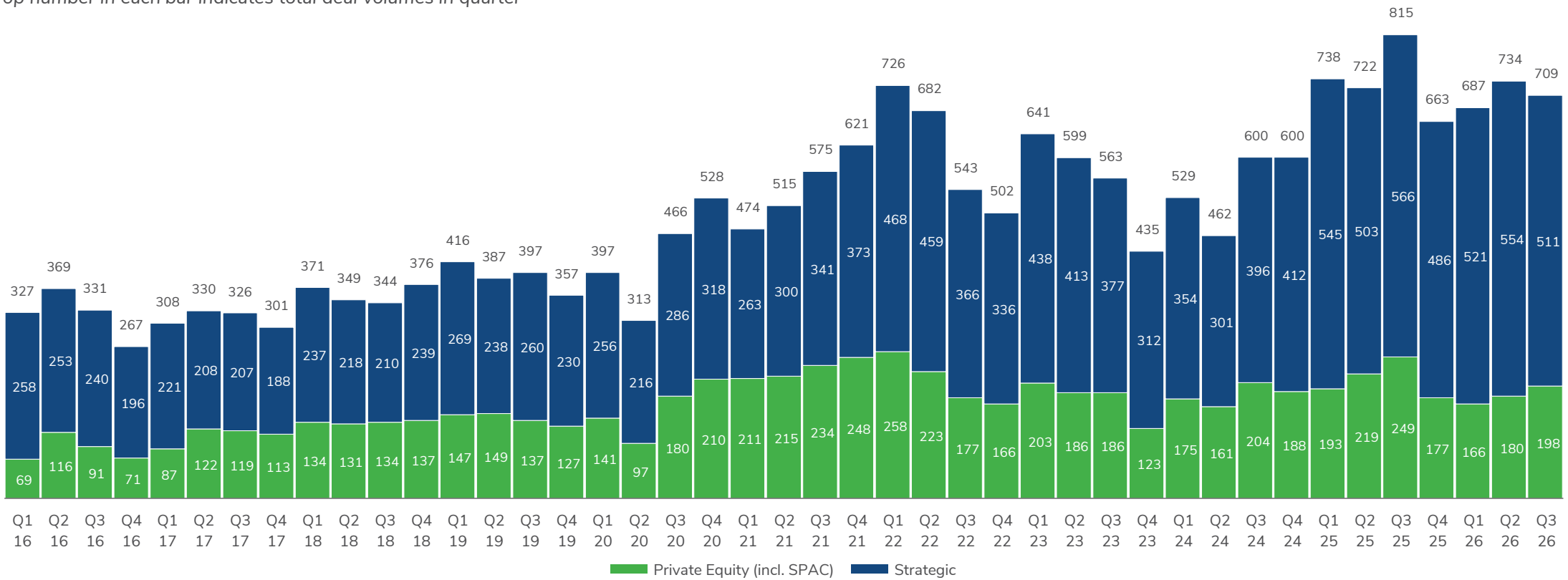
[1]Between January 1, 2016, and September 30, 2026; SPAC = Special Purpose Acquisition Company
Source: 451 Research and Mergermarket as of September 30, 2026

Strategic Buyers Maintained Their Dominance of Software M&A Activity in Q3 2026

Strategic Buyers Accounted for 72% of Q3 2026 Deal Volume, Compared with a 67% Average Since 2021

Quarterly Deal Volume[1]

Top number in each bar indicates total deal volumes in quarter



[1]*Between January 1, 2016, and September 30, 2026; 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 September 30, 2026

Top Six Software Acquisitions over Q3 2026 by Enterprise Value

September 2026

Hugging Face

acquired by

NVIDIA

$12.9 bn | N/A

Hugging Face provides open-source machine learning model hosting and deployment software and APIs for developers and businesses globally. Software provides model sharing, inference, dataset management and collaborative development for natural language processing, computer vision and generative AI.

NVIDIA acquired the leading open-source AI hub, home to over 18 million developers, 3 million models and 200,000 enterprise users, extending its reach from compute into the model distribution layer. NVIDIA will apply its infrastructure and engineering scale to enhance reliability, inference and deployment, while committing to keep the platform open and hardware agnostic, preserving the neutrality central to its value.

September 2026

silæ

acquired by

cegid

$11.6 bn[1] | N/A

Silae provides payroll and human resources (HR) management software for accounting firms and businesses in France. Cegid provides cloud business management software for small and medium-sized businesses (SMBs) and accounting professionals across Europe, covering accounting, tax and finance.

The merger of two Silver Lake–backed French leaders created a European SMB back-office platform valued at over €10 bn (about $11.6 bn), serving 2 million end customers and over 15,000 accounting firms. Native integration across accounting, payroll, HR and Shine's digital banking unlocks cross-sell, while a combined 1,400-strong developer team scales AI investment ahead of the 2027 phase of France's e-invoicing reform.

September 2026

World Labs

acquired by

AMD

$8.2 bn | N/A

World Labs provides AI-powered 3D spatial intelligence software and related APIs for businesses globally. Software provides features for 3D world generation, spatial reasoning, multimodal content generation, interactive world modeling, simulation environment generation and 3D scene understanding.

AMD acquired Dr. Fei-Fei Li's spatial intelligence lab in an all-stock deal, securing frontier model research talent to inform its AI hardware, software and systems road map. As workloads expand into robotics, simulation and physical AI, model-level insight sharpens AMD's ability to design for emerging use cases and advances its open ecosystem.

August 2026

OpenRouter

acquired by

stripe

$7.0 bn | N/A

OpenRouter provides unified large language model API software for businesses globally. Software provides features for access to multiple AI models, model routing, provider failover, usage management and pricing controls.

Stripe acquired the leading neutral AI model gateway, routing traffic across more than 400 models from more than 80 providers for 8 million users, extending its economic infrastructure into the AI token layer. The deal positions Stripe to address both sides of AI profitability, pairing its revenue optimization capabilities with intelligent routing that minimizes token spend and builds on a partnership dating back to 2024. The price is a 5.4x step-up from OpenRouter's $1.3 bn May 2026 Series B valuation.

August 2026

ACCELERANT

acquired by

THOMABRAVO

$4.0 bn | 3.7x

Accelerant provides risk exchange software for insurance businesses globally. Software provides features for knowledge management, intelligent document processing, workflow automation, data analysis and enterprise process automation.

Thoma Bravo took Accelerant private in an all-cash deal at a 49% premium, adding a data-driven risk exchange that connects specialty insurance underwriters with risk capital providers to its insurtech portfolio. Private ownership provides the runway to invest behind Accelerant's technology, data and risk capital capacity as the MGA market grows, with Altamont, which holds about 82% of voting rights and the founders retaining equity alongside Thoma Bravo.

August 2026

BioCatch

acquired by

VISA

$2.4 bn | N/A

BioCatch provides AI-based behavioral biometrics fraud prevention software, related APIs and software development kits for financial institutions and telecom brands globally. Software provides features for behavioral biometric intelligence, account opening protection, scam and mule detection, authentication, and account takeover protection.

Visa acquired a leading behavioral fraud intelligence platform from Permira for $2.4 bn in cash, protecting 760 million users across more than 350 banking clients, including over 100 of the largest banks globally. The deal extends Visa's cyber, fraud and risk suite upstream of the point of payment, enabling clients to stop account takeovers, scams and money mules in real time as AI scales fraud.

[1]*Cegid and Silae merger; EV reflects the combined group's expected enterprise value of over €10 bn (c.$11.6 bn)*
EV = enterprise value; LTM = last 12 months
All trademarks, trade names or logos referenced herein are the property of their respective owners.
Sources: 451 Research, Mergermarket, press releases as of September 30, 2026

EV | EV/LTM Rev

Other Notable Software Deals during Q3 2026

Strategic Deals (Q3 2026)

Date	Target	Acquirer	Enterprise Value and Multiple[1]	Target Abstract
Sep-26	Listen	salesforce	$2,000 mn N/A	Customer research software
Jul-26	ArisGlobal	Dassault Systèmes	$1,800 mn N/A	Life sciences data & compliance mgmt. SaaS
Jul-26	Anyscale	NSCALE	$1,650 mn N/A	AI infrastructure computing & deployment software
Aug-26	PCI Energy Solutions	Mitsubishi Electric	$1,400 mn 17.2x	Energy trading mgmt. software
Sep-26	miro	Bending Spoons	$1,355 mn 2.3x	Visual collaboration whiteboard software
Aug-26	Airtable	Bending Spoons	$1,285 mn 2.7x	Enterprise application development tool
Aug-26	Skygrid	Archer	$1,050 mn N/A	Ground-based air-traffic mgmt. software
Jul-26	Oasis	cyera	$1,000 mn 100.0x	Agentic identity & access mgmt. software
Aug-26	arize	dynatrace	$915 mn 45.8x	AI observability & model evaluation software
Jul-26	DroneDeploy	Procore	$845 mn N/A	Drone mapping & visual AI software
Aug-26	at bay	Munich RE	$575 mn 5.8x	Cyber insurance & MDR security software

PE Deals[2] (Q3 2026)

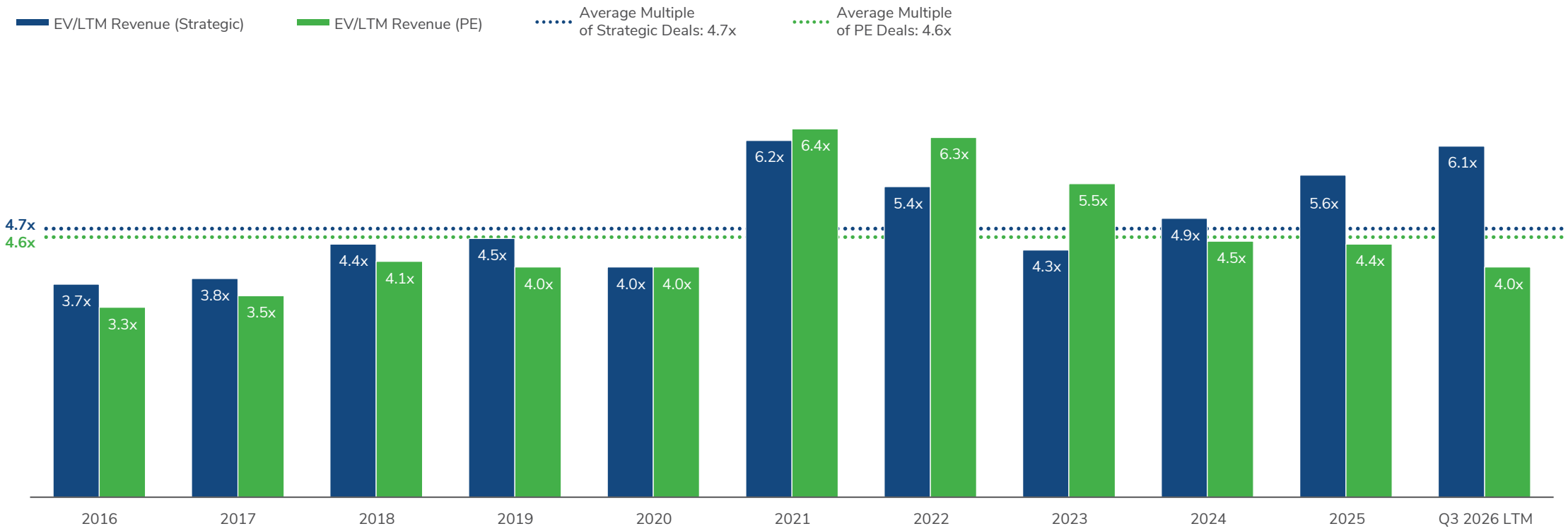
Date	Target	Acquirer	Enterprise Value and Multiple[1]	Target Abstract
Aug-26	DoubleVerify	Nielsen / Brookfield Business Partners	$2,241 mn 2.9x	Digital media measurement & analytics software
Sep-26	ENTERSOFTONE	Hg	$1,144 mn N/A	ERP software
Jul-26	SALSIFY	CINVEN	$775 mn 4.2x	PXM software
Aug-26	PINEWOOD.AI	Ridgeview Partners	$673 mn 12.6x	Automotive intelligence software
Aug-26	weave	Francisco Partners	$623 mn 2.4x	Customer engagement & payments software
Jul-26	MatrixCare	Frazier Healthcare Partners	$490 mn 2.2x	EHR mgmt. software
Jul-26	kentik	infoblox / Vista	$425 mn 7.1x	Network intelligence & observability software
Sep-26	Tribal	Main Capital Partners	$256 mn 2.0x	Student information systems software
Sep-26	ELECO	AKKR	$249 mn 4.7x	Project mgmt. software
Sep-26	SoundThinking	Transom Capital Group	$140 mn 1.4x	Public safety mgmt. systems & software
Sep-26	onomondo	Aspirity Partners	$113 mn N/A	IoT connectivity & network infrastructure software

[1]*Deal Multiple = Enterprise Value/LTM Revenue, unless otherwise specified;* [2]*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;*
Source: 451 Research and Mergermarket as of September 30, 2026

Strategic Buyers Continue to Pay Premium Valuations for High-Quality Assets, Particularly AI-Native Businesses

Private Equity Remains Disciplined on Valuation, Resulting in a Significant Multiples Gap Versus Strategic Buyers

Annual Median Deal Multiples

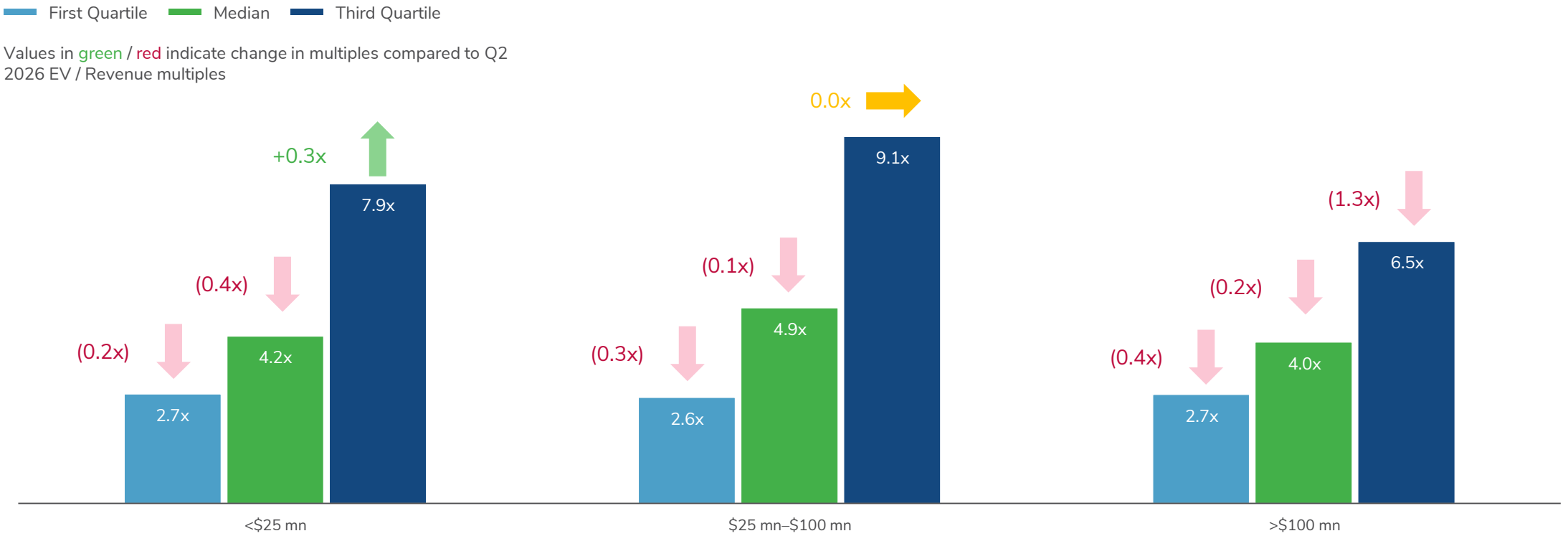


EV = Enterprise Value or Market Capitalization + Total Debt – Cash
PE deals include acquisitions made by PE-backed strategics
Source: 451 Research as of September 30, 2026

Premium Multiples for Sub-$100m Revenue Companies Reflect Strong Buyer Appetite for Earlier-Stage AI Assets

Multiples Remained Broadly Stable Across Most Revenue Cohorts Versus the Previous Quarter

Deal Multiples Quartiles by Last 12 Months Revenue

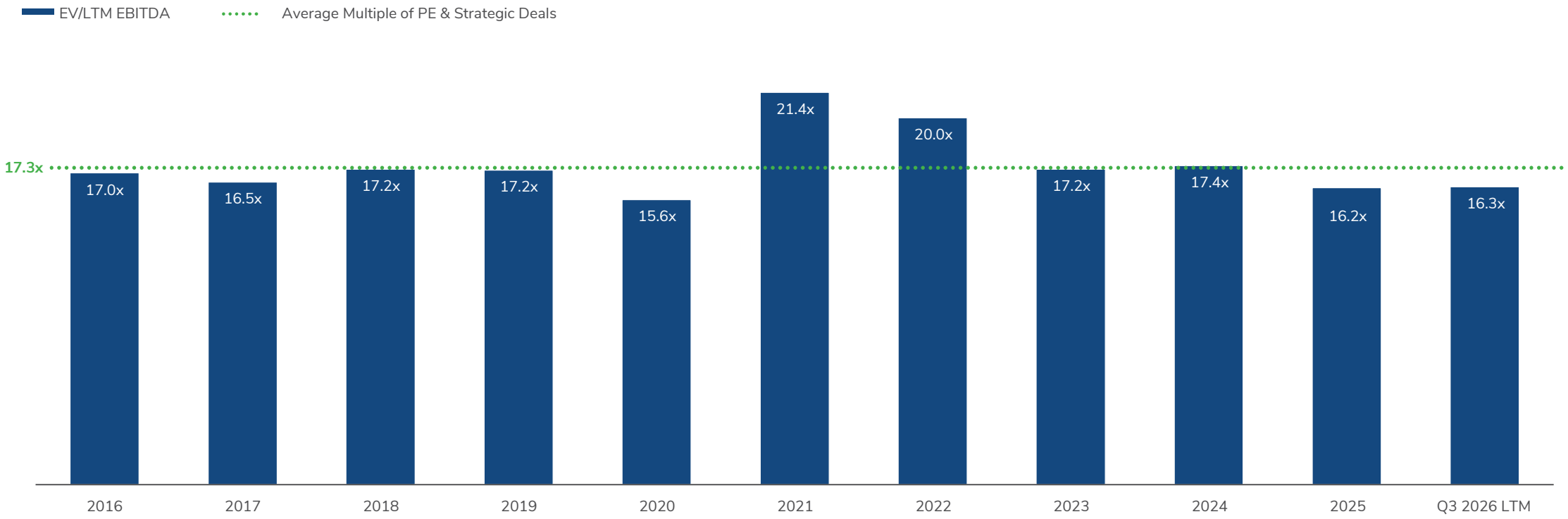


Transactions selected are based on the following parameters: (i) target company with SaaS business model; (ii) transaction announced between September 30, 2024, and September 30, 2026; (iii) disclosed EV/LTM revenue multiple; and (iv) excluding outliers and SPAC transactions
Source: 451 Research and Mergermarket as of September 30, 2026

Software M&A Multiples Held Stable at 16.3x EV/LTM EBITDA During Last Twelve Months

Valuations remain modestly below the 17.3x long-term average but broadly in line with historical levels

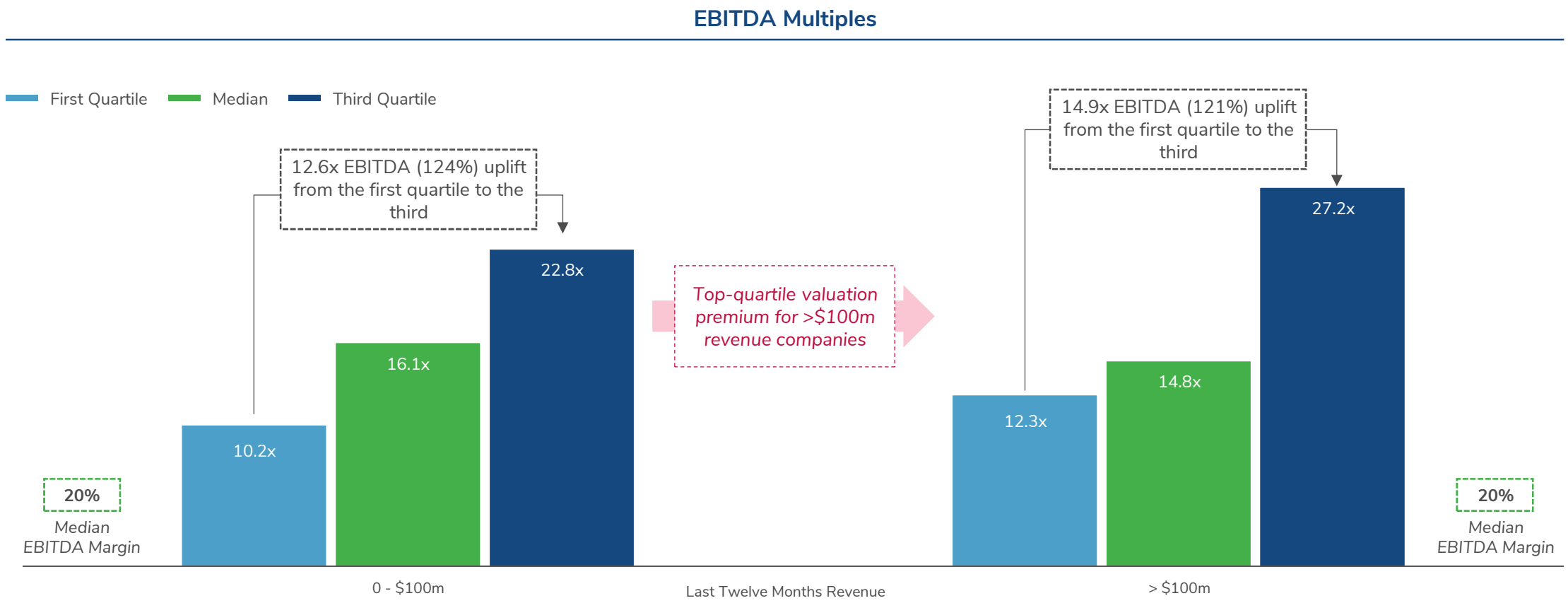
Annual Median Deal Multiples



EV = Enterprise Value or Market Capitalization + Total Debt – Cash
Source: 451 Research as of September 30, 2026

Valuation Step-Up for Larger Companies Is Only Pronounced at the Top Quartile

First-Quartile and Median Multiples Remain Broadly Comparable Across Revenue Categories



Transactions selected are based on the following parameters: (i) target company with SaaS business model; (ii) transaction announced between September 30, 2024, and September 30, 2026; (iii) disclosed EV/EBITDA multiple; and (iv) excluding outliers and SPAC transactions
Source: 451 Research and Mergermarket as of September 30, 2026

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



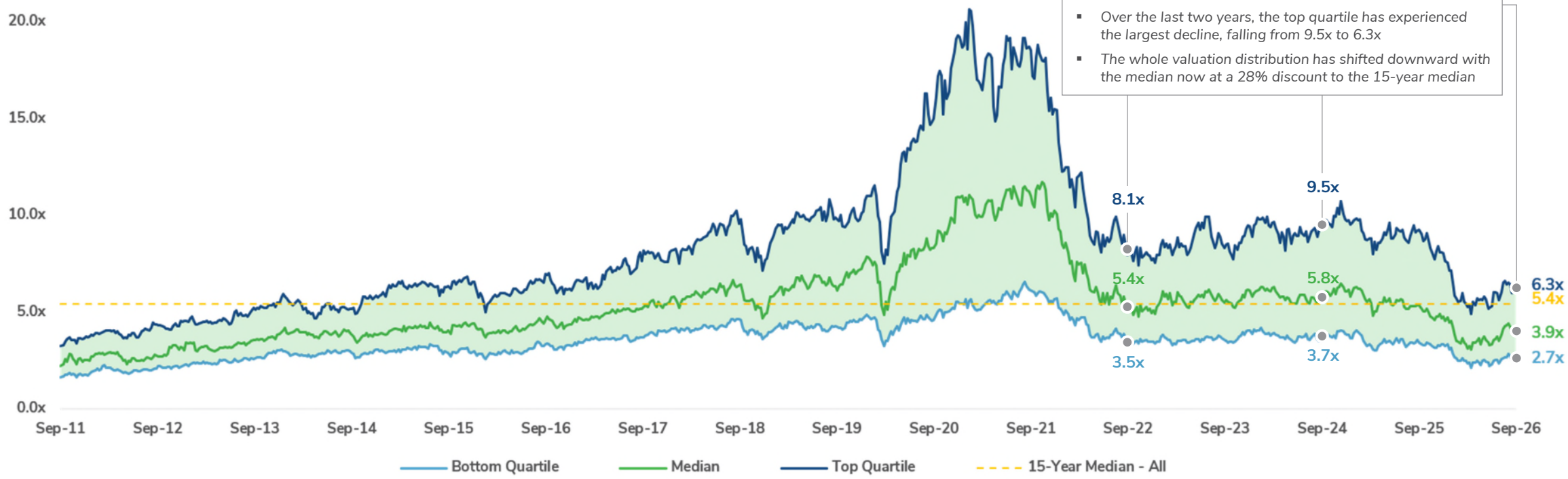
ERP = Enterprise Resource Planning; HCM = Human Capital Management
Source: S&P Global Market Intelligence as of September 30, 2026, including the most actively traded software companies for respective covered sectors and excluding most microcap companies
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Public SaaS Revenue Multiples Show Early Recovery Across All Valuation Quartiles

Median Multiple Trading at 3.9x EV/NTM Revenue Below Long-Term Average of 5.4x

Performance of Our Technology Investment Banking Practice SaaS Index over the Past 15 Years

EV/NTM Revenue

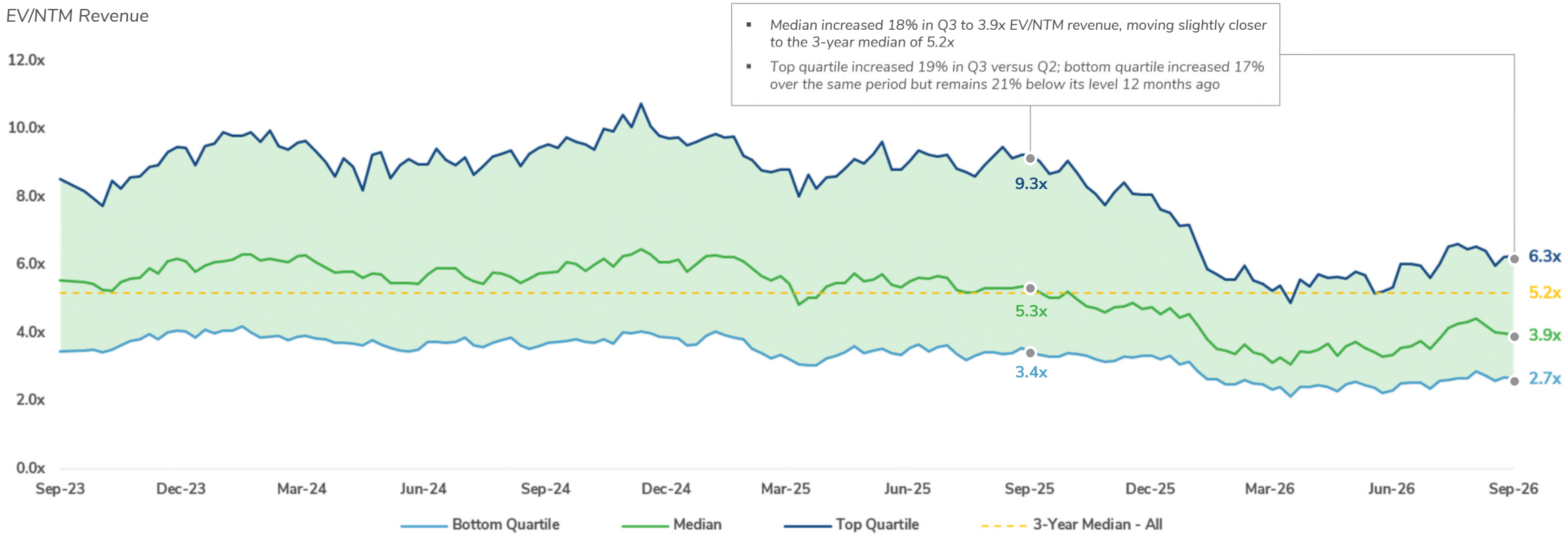


Our Technology Investment Banking Practice SaaS Index includes 167 companies that offer SaaS solutions; NTM = Next Twelve Months
Source: S&P Global as of September 30, 2026

Revenue Multiples Increased Slightly Over the Last Quarter, with the Upper Quartile Now Trading Above 3-Year Median

Median EV/NTM Revenue Multiple Increased 18% in Q3 2026, While the Top Quartile Rose 19%

Performance of Our Technology Investment Banking Practice SaaS Index over the Past 3 Years

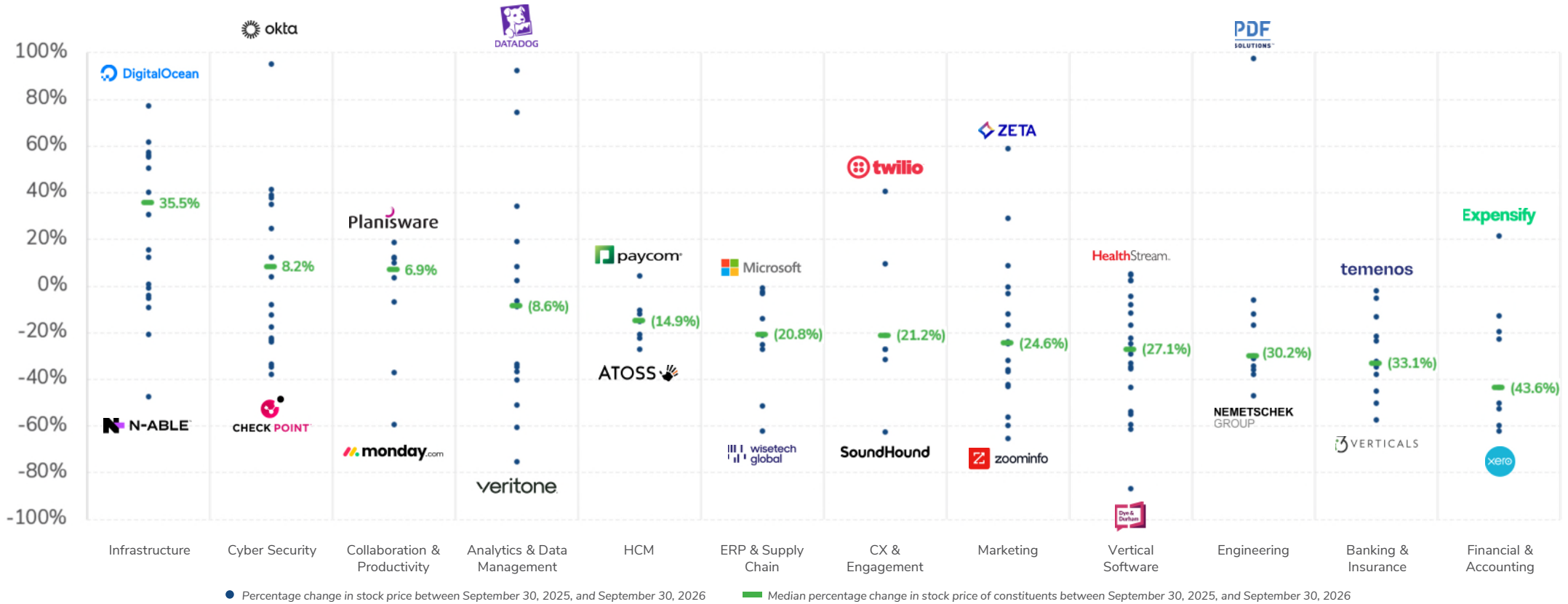


Our Technology Investment Banking Practice SaaS Index includes 167 companies that offer SaaS solutions; NTM = Next Twelve Months
Source: S&P Global as of September 30, 2026

Most Software Subsectors Have Significantly Underperformed Over the Last 12 Months

9 Out of 12 Subsectors Recorded Negative Median Returns, with Infrastructure the Clear Outperformer at 35.5%

Performance of Our Technology Investment Banking Practice's Tracked Software Universe between September 30, 2025, and September 30, 2026

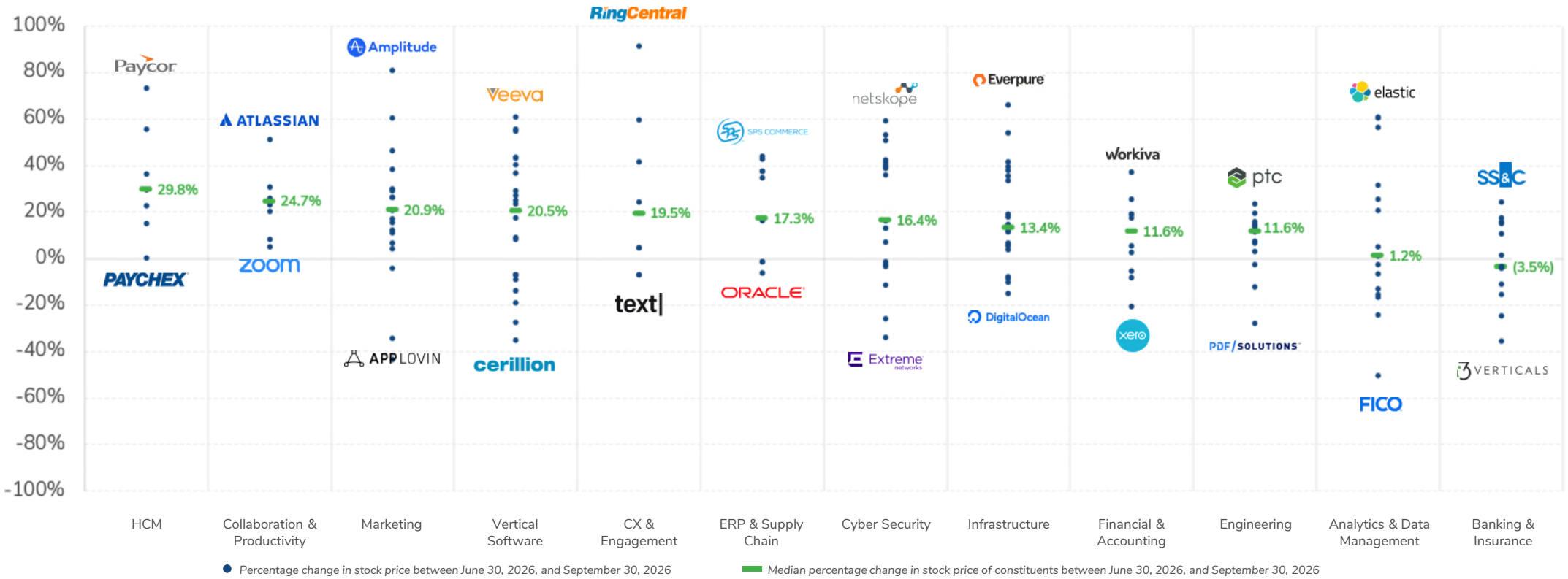


Does not include companies listed after September 30, 2025; Buckets ordered by median percentage change in stock price between September 30, 2025, and September 30, 2026; All trademarks, trade names, or logos referenced herein are the property of their respective owners
Source: S&P Global as of September 30, 2026

Software Stocks Rebounded Broadly During the Third Quarter

11 Out of 12 Subsectors Recorded Positive Median Returns, While Individual Stock Performance Varied Significantly

Performance of Our Technology Investment Banking Practice's Tracked Software Universe between June 30, 2026, and September 30, 2026

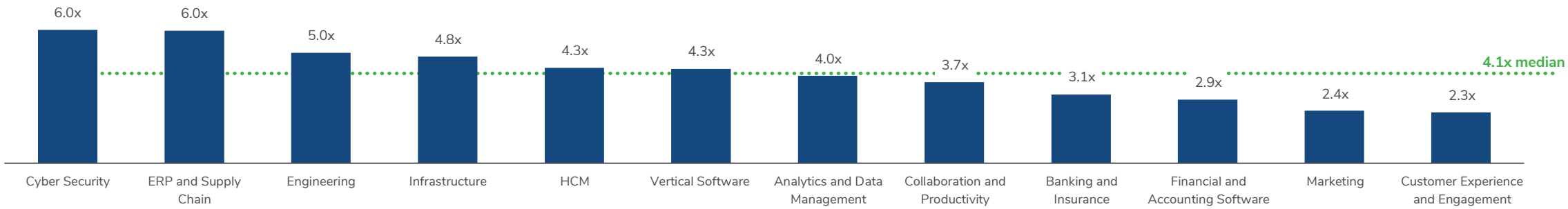


Does not include companies listed after June 30, 2026; Buckets ordered by median percentage change in stock price between June 30, 2026, and September 30, 2026; All trademarks, trade names, or logos referenced herein are the property of their respective owners
Source: S&P Global as of September 30, 2026

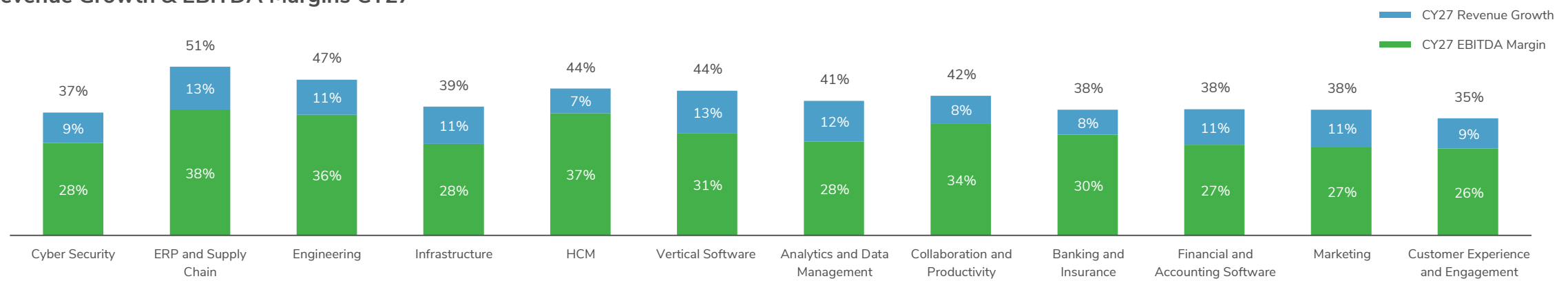
Significant Differences Exist in Multiples Between Software Subsectors

Cyber Security Trades at 6.0x Revenue Despite Below-Median Growth and Margins, Highlighting the Premium Attributed to AI Potential

EV / CY27 Revenue Multiples



Revenue Growth & EBITDA Margins CY27

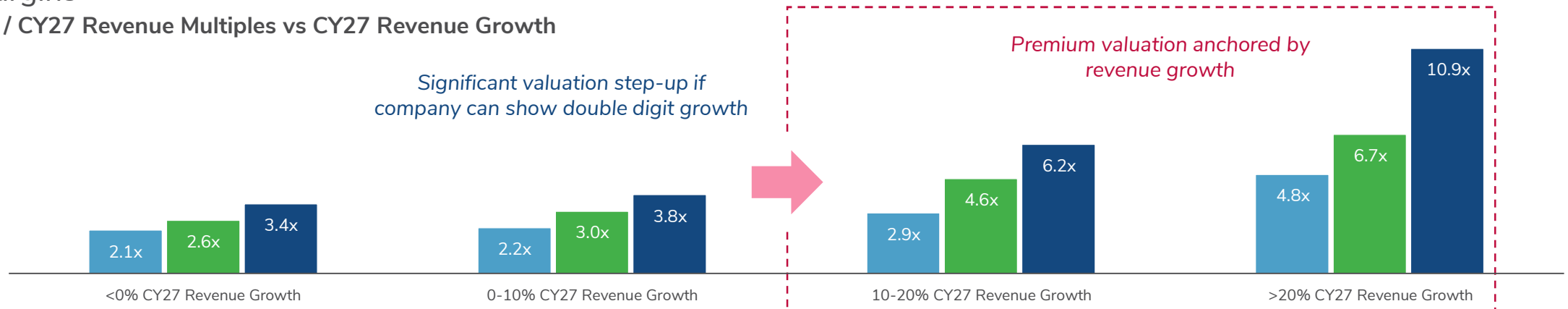


Buckets ordered by CY27 revenue multiples
Source: S&P Global as of September 30, 2026

Public Markets Continue to Pay a Premium for Growth

Revenue and EBITDA Multiples Rise Sharply with Growth, Even as Faster-Growing Companies Run Slightly Lower Margins

EV / CY27 Revenue Multiples vs CY27 Revenue Growth



EV / CY27 EBITDA Multiples vs CY27 Revenue Growth



Source: S&P Global as of September 30, 2026

First Quartile Median Third Quartile Median EBITDA Margin

For more information, please visit:

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