

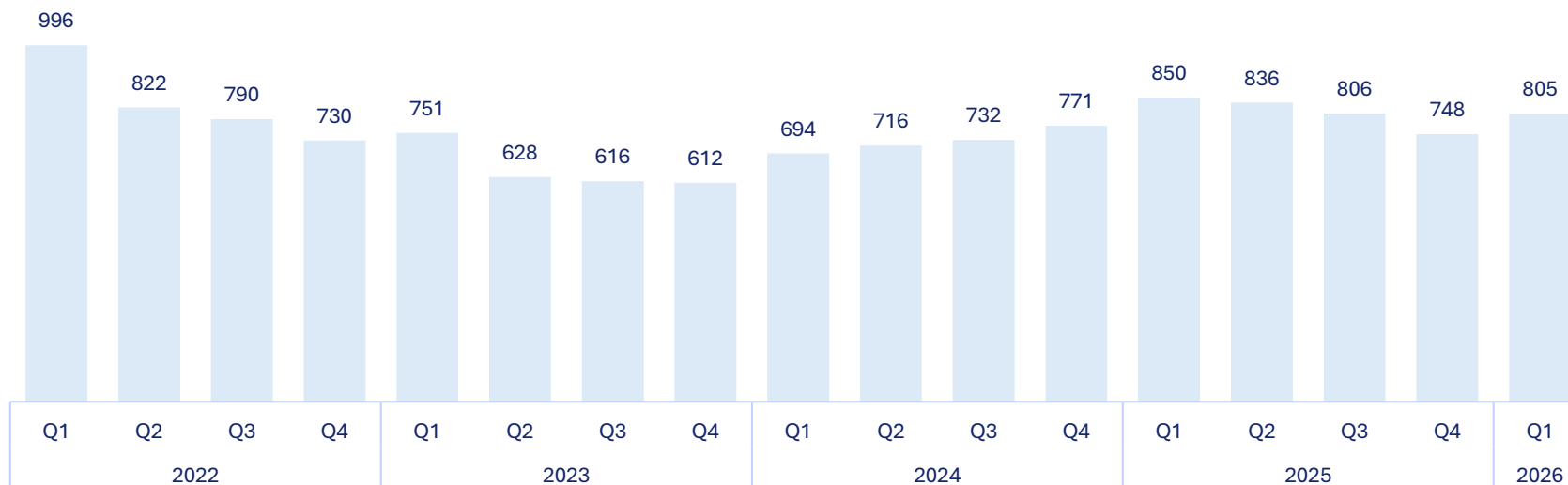
Software & Technology Industry Update

June 2026

Software & Technology - M&A Market Update

Software & Technology M&A Deal Count | United States

Source: PitchBook and Capital IQ



Select Recent and Large Transactions

Date	Value	Target	Acquirer
May 2026	\$6.3bn	GLOBAL BUSINESS TRAVEL	LONG LAKE
April 2026	\$6.4bn	onestream	Hg
April 2026	\$5.1bn	Brex	Capital One
April 2026	\$2.4bn	HCSS	NEMETSCHKEK GROUP
March 2026	\$600mm	GE VERNOVA Representative Proficy Software & Services	TPG
February 2026	\$12.4bn	dayforce	THOMABRAVO

- Buyers continue to prioritize SaaS and subscription-based software businesses with durable recurring revenue, strong retention metrics, data moats, and mission-critical workflows, as visibility, predictability, and embedded customer relationships remain key valuation drivers and continue to attract significant strategic and sponsor interest.
- AI is increasingly reshaping software M&A, but its impact is selective and subsector-specific. Buyers are paying premiums for platforms with proprietary data, embedded workflows, and credible AI monetization - ERP/SCM automation, HCM intelligence, cybersecurity governance, and FinTech fraud and risk - while less differentiated SaaS assets face muted demand and greater valuation scrutiny.
- Strategic acquirers remain active as larger technology platforms pursue acquisitions to expand product capabilities, deepen vertical expertise, accelerate AI roadmaps, and strengthen ecosystem positioning. Consolidation activity continues across enterprise applications, infrastructure software, cybersecurity, data analytics, and workflow automation markets.
- Private equity buyers continue to pursue software assets with predictable revenue models, mission critical value propositions, efficient growth profiles, and identifiable operational or commercial expansion opportunities. Improving financing conditions have supported increased sponsor activity, platform investments, and strategic tuck-in acquisitions despite the "SaaS apocalypse".
- Valuation dynamics remain increasingly bifurcated, where premium software companies demonstrating efficient growth, strong retention, profitability, and market leadership continue to command attractive valuations. In contrast, less differentiated assets are facing heightened diligence and greater valuation and long-term viability scrutiny.

Notable Software & Technology M&A Spotlights by Subsectors



ERP / Supply Chain / Industrial



HCM & Workforce Management



Infrastructure / DevOps & Data



Cybersecurity

Target / Acquirer

Valuation

Deal Notes

April 2026 (Announced)



\$2.4bn // 11.1x EV/Revenue

“With the acquisition of HCSS, a highly recognized technology leader in infrastructure and heavy civil construction, we are taking our next major strategic step forward. We already hold a strong position in the building sector and are now further enhancing and scaling our position in the fast-growing infrastructure and heavy civil sector, which is underpinned by multiple structural growth drivers.”

-- Nemetschek Group, CEO

Feb 2026 (Closed)



\$12.3bn // 6.2x EV/Revenue

“Dayforce is actively creating the future of HCM, backed by a platform and team that deliver real, measurable results for its customers. With demand for intelligent, AI-driven HR technologies accelerating, we are excited to welcome Dayforce to Thoma Bravo’s portfolio and together unlock their next phase of growth and customer impact.”

-- Thoma Bravo, Managing Partner

Jan 2026 (Closed)



\$3.3bn // Undisclosed

“Enterprises today are looking for fewer vendors, deeper partnerships, and platforms they can rely on for mission-critical security and operations. Chronosphere accelerates our vision to be the indispensable platform for securing and operating the cloud and AI. We believe that great security starts with deep visibility into all your data, and Chronosphere provides that foundation for our customers.”

-- Palo Alto Networks, CEO

Apr 2026 (Closed)



\$7.7 bn // 25.8x EV/Revenue

“In the agentic AI era, intelligent trust and governance that span any cloud, any asset, any AI system, and any device are non-negotiable if companies want to scale AI for the long-term. Together with Armis, we will deliver an industry-defining strategic cybersecurity shield for real-time, end-to-end proactive protection across all technology estates. Modern cyber risk doesn’t stay neatly confined to a single silo, and with security built into the ServiceNow AI Platform, neither will we.”

-- ServiceNow, COO

Target / Acquirer

Valuation

Deal Notes

Jul 2025 (Closed)



\$2.0bn // Undisclosed

Acumatica’s new ownership by Vista Equity Partners should result in increased investment in industry-specific functionality and AI capabilities, while maintaining independence.

“With its industry-leading, strong partner ecosystem and growing presence in markets embracing cloud-based business technology, we believe Acumatica is well-positioned to lead the shift toward modern, integrated ERP solutions.”

-- Vista Equity Partners, Co-Head of Flagship Fund

Sep 2025 (Closed)



\$880mm // Undisclosed

“Hiring the right people has never been more critical to business success. By joining SAP, we will accelerate our pace of innovation while giving customers the confidence they need and the flexibility they demand. SmartRecruiters’ unique one-two punch, high-volume hiring plus corporate recruiting, built on an AI-native foundation, makes us the only platform designed for the full spectrum of enterprise hiring challenges.”

-- SmartRecruiters, CEO

Jan 2026 (Closed)



\$11bn // 8.4x EV/Revenue

“Transactions happen in milliseconds, and AI decisions need to happen just as fast. With Confluent, we are giving clients the ability to move trusted data continuously across their entire operation so their AI models and agents can act on what is happening right now, not on data that is hours old”

-- IBM, CCO

Mar 2026 (Closed)



\$32bn // 32.0x EV/Revenue

“Keeping people safe online has always been part of Google’s mission. This job is increasingly important today, as more companies and governments move their work to the cloud and broadly use generative AI. By bringing Wiz and Google Cloud together, we’re making it easier for organizations to innovate with confidence.”

-- Google, CEO

Notable Software & Technology M&A Spotlights by Subsectors



FinTech



Sales / Marketing & CX



Collaboration & Productivity



Vertical Software

Apr 2026 (Closed)



\$5.1bn // 7.3x EV/Revenue

"Brex invented the integrated combination of corporate credit cards, spend management software and banking together in a single platform."

"Brex's expertise and AI-native technology combined with Capital One's scale, sophisticated underwriting and iconic brand creates a transformational opportunity in the business payments space."

-- Capital One, CEO

April 2026 (Closed)



\$1.8bn // 3.4x EV/Revenue

"The rules of brand discovery and commerce are being rewritten in real time, and marketers who aren't optimizing for that world today will find themselves invisible tomorrow. Together with Semrush's leading SEO platform and agentic search intelligence, Adobe will empower our customers with an even more powerful solution."

-- Adobe, President

Nov 2025 (Closed)



\$1.1bn // Undisclosed

"By bringing Sana's leading enterprise knowledge and learning to Workday, we're creating a single, intelligent interface that connects the systems, data, and actions employees rely on - becoming the new front door for work,"

"We're unlocking a new era of productivity, focus, and flow across our customers' organizations with a complete AI solution for the next-generation enterprise."

-- Workday, President

May 2026 (Announced)



\$1 bn // 30x EV/Revenue

"Digital pathology has the potential to improve precision diagnosis of cancer and enable physicians to offer better tailored treatment regimens. Bringing PathAI into Roche Diagnostics will allow us to combine their best-in-class digital pathology tools with our leading oncology diagnosis platforms to deliver better insights for physicians and potentially better outcomes for patients worldwide."

-- Roche Diagnostics, CEO

Mar 2026 (Announced)



\$1.8bn // Undisclosed

"We expect that most financial institutions and fintechs will in time provide digital currency services, be it with stablecoins or tokenized deposits. We want to support them and their customers with a best in class, highly compliant, interoperable offering that brings the benefits of tokenized money to the real world."

-- Mastercard, CPO

Apr 2026 (Closed)



Undisclosed

"By integrating Qualified's agentic marketing expertise into Agentforce, we will enhance our ability to offer autonomous pipeline generation and empower our customers to scale their revenue teams with agent-first solutions that drive efficient growth."

-- Salesforce, President

Oct 2025 (Closed)



\$610mm // 21.6x EV/Revenue

"By combining The Browser Company's passion for building browsers people love with Atlassian's deep expertise on how the world's best teams operate, we have the opportunity to transform how work gets done in the AI era."

"Knowledge workers need a browser designed for their specific needs, not one that's been built for everyone on the planet. That's what we will build with The Browser Company."

-- Atlassian, CEO

Jan 2026 (Closed)



\$2.3bn // Undisclosed

"Intelrad is an outstanding strategic fit and is a pioneer in cloud-based imaging software, with a strong portfolio of world-class solutions across care settings. By combining GE Healthcare's medical device and AI competence at global scale with Intelrad's enterprise cloud and imaging expertise, we will be even better positioned to meet the evolving needs of healthcare providers, simplify complex workflows, and drive digital innovation across the industry."

-- GE Healthcare, CEO

Subsector Spotlight – Enterprise Resource Planning

ERP consolidation remains the defining theme in the sector, as larger platforms aggressively acquire point solutions to build unified suites spanning finance, human capital management (HCM), procurement, global supply chain management (SCM), and industrial software solutions (MES/CMMS/etc.) - deepening customer relationships and expanding cross-sell opportunities. Alongside consolidation, buyers are prioritizing vertically-specialized platforms with AI-driven automation capabilities, cloud modernization runway, and deeply embedded workflows that support durable recurring revenue across mid-market and enterprise customers.

Below are key themes SC&H is observing in the ERP sector:

Key ERP Software Themes

ERP Consolidation & Suite Expansion

Larger ERP platforms continue acquiring point solutions to build unified suites spanning ERP, HCM, CRM, SCM, and industrial software solutions - reducing customer integration burden and expanding cross-sell revenue per account. Consolidation also serves as a competitive moat against best-of-breed challengers.

SMB Market Expansion

Enterprise ERP vendors are moving down-market through targeted acquisitions of SMB-focused platforms, where growth rates are higher, market penetration is lower, and SaaS transition tailwinds remain strong.

Vertical ERP Specialization

Strategic acquirers are increasingly pursuing ERP platforms that offer vertical-specific functionality and workflow specialization, particularly across healthcare, manufacturing, distribution, construction, government, and field services. Industry-focused ERP solutions are viewed as more defensible and less commoditized than broad horizontal platforms.

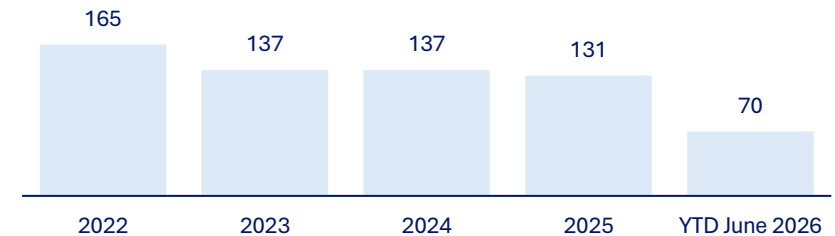
ERP Modernization & Cloud Migration

Increasing enterprise focus on compliance, real-time visibility, and automation continues to drive demand for modern cloud ERP platforms. Legacy on-premise installed bases represent a significant acquisition opportunity - buyers modernize and migrate customers to SaaS, unlocking recurring revenue conversion.

AI-Driven Workflow Automation

AI and workflow automation are becoming increasingly important differentiators within the ERP landscape. Buyers are prioritizing platforms that leverage AI to improve forecasting, resource planning, procurement, automation, and operational decision-making through embedded analytics and intelligent workflows.

ERP Software M&A Deal Trend | United States



SC&H Capital Advised Acadia in Sale to Epicor

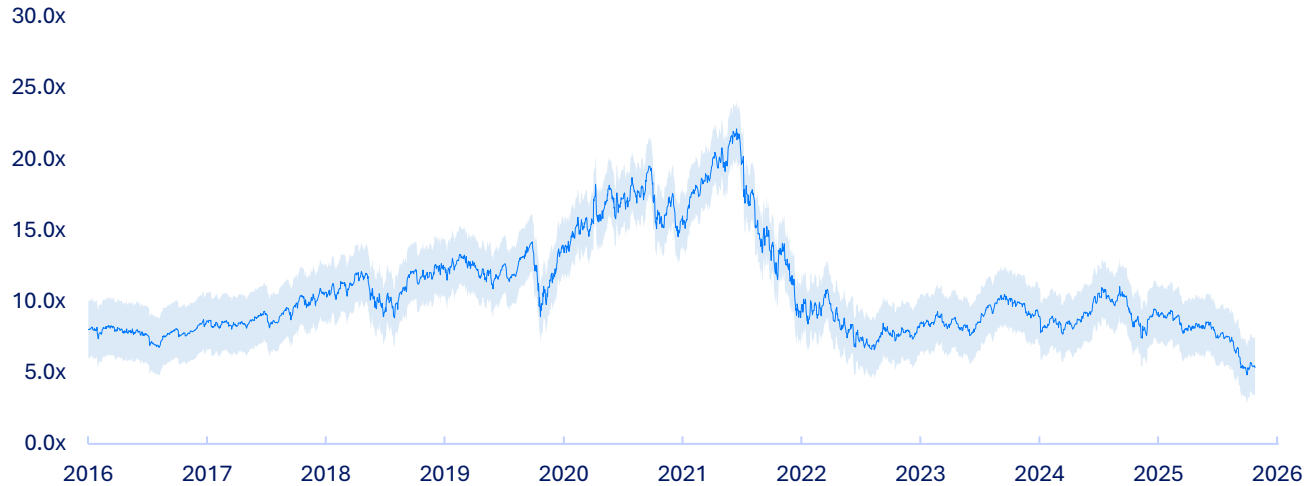


Target - Acadia: SaaS-based connected worker platform delivering real-time guidance and operational insights to frontline workers in manufacturing and supply chain environments.

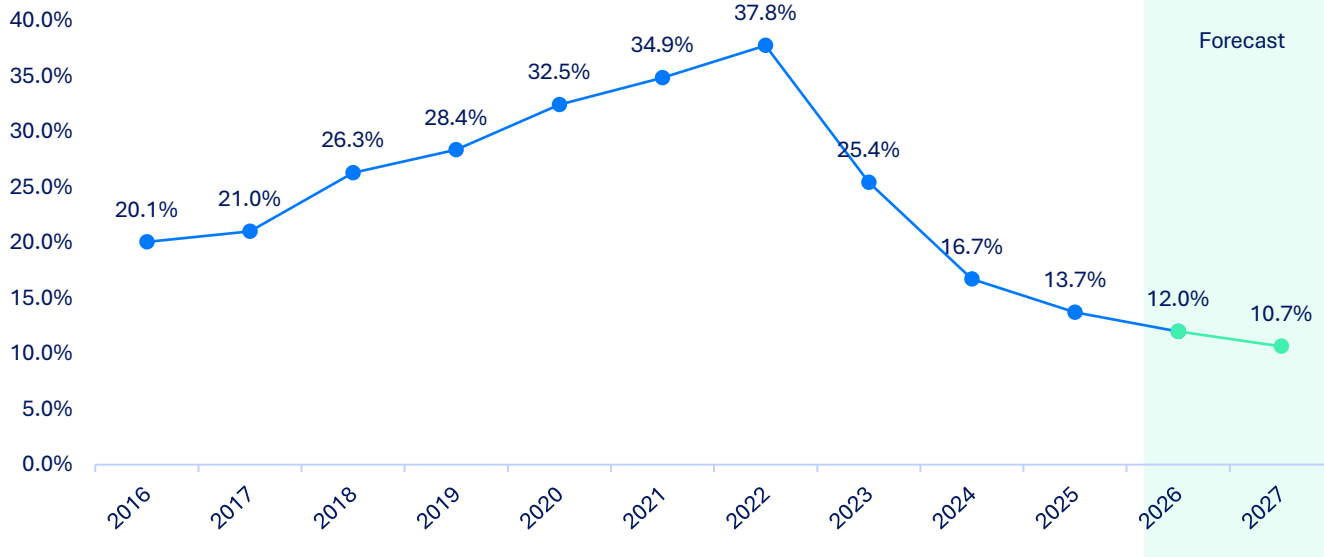
Buyer - Epicor: Leading ERP provider to middle market and enterprise customers across the manufacturing, building supply, distribution, automotive, and retail industries.

Strategic Rationale: Acquisition deepens Epicor's AI and operational intelligence capabilities, directly embedding shop-floor workflow automation into its core ERP platform

EV/Revenue Multiple



Average Revenue Growth Rates



SaaS Sector Insights

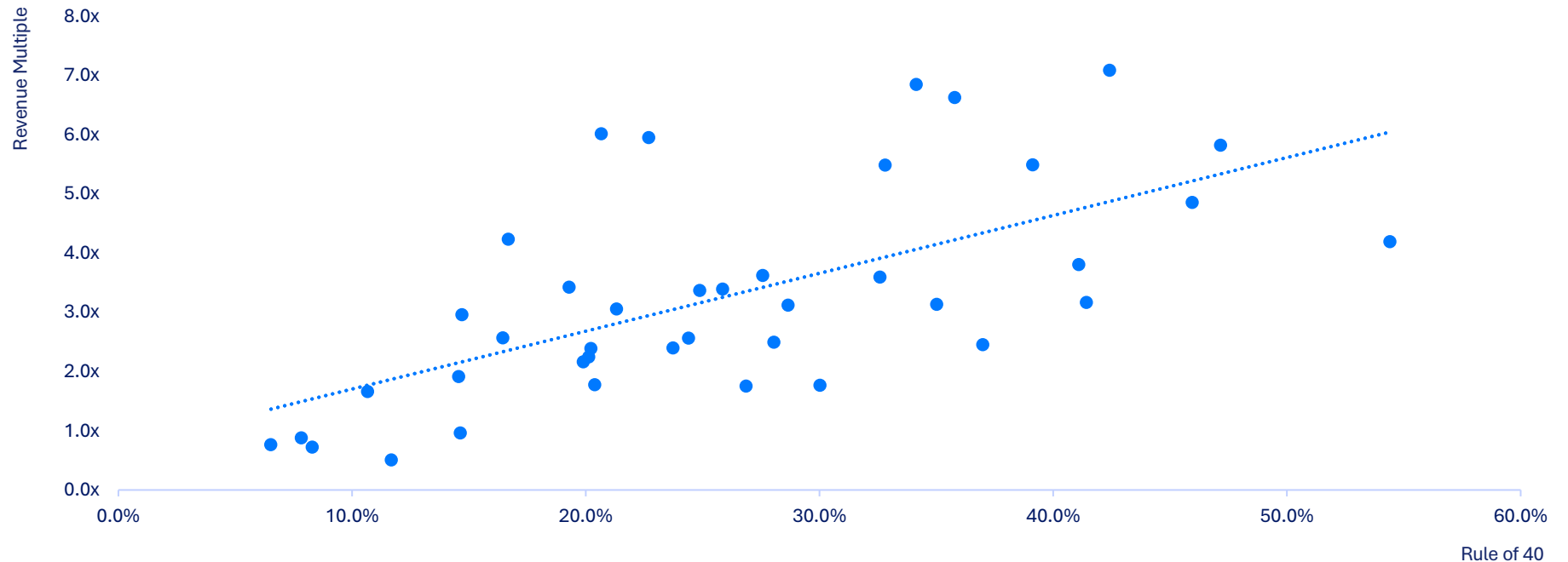
- The SaaS sector has moved through a significant post-2021 reset. Valuation multiples expanded sharply during the low-rate, high-growth period of 2020 - 2021, but have since compressed as interest rates increased and public-market investors became more selective.
- The EV/Revenue multiples indicate that SaaS has moved from a premium “growth-at-all-costs” market into a more disciplined environment where investors are prioritizing profitability, retention, cash flow, and efficient growth.
- The revenue growth rates show the same dynamic. SaaS growth peaked around 2022 and has since decelerated as enterprise customers rationalized software budgets, elongated procurement cycles, and scrutinized seat expansion.
- Forecasts for 2026 - 2027 suggest growth stabilizing in the low-teens range rather than returning to the 30%+ levels seen during the pandemic-era acceleration. This does not imply that SaaS demand is structurally impaired; rather, the category is maturing and moving from broad-based adoption to more selectivity.
- Tailwinds remain meaningful. Cloud migration, digitalized workflow, cybersecurity, vertical software adoption, and AI automation continue to support demand. Headwinds are pressuring the sector as software budgets remain under scrutiny, customers consolidate vendors, and buyers demand clearer ROI.
- Overall, SaaS remains well-positioned, but the market has become more selective. The next phase of value creation is likely to favor companies with mission-critical products, strong net retention, pricing power, efficient go-to-market motion, and clear AI capabilities.

Impact of Artificial Intelligence

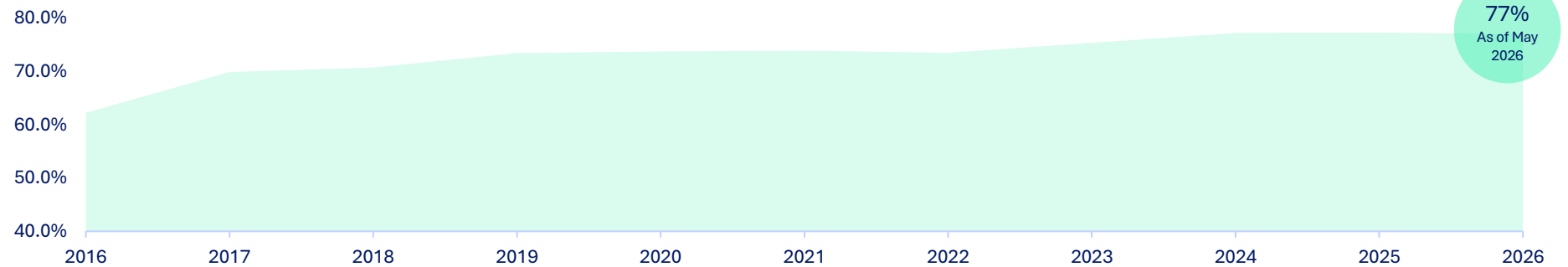
- Despite prevailing narratives around the 'Death of SaaS,' enterprise software spend continues to expand - while seat-based subscription spend has contracted modestly, companies are reallocating budgets to trusted vendors' AI-enabled capabilities, driving overall enterprise software spend materially higher.
- AI's impact is not uniform across subsectors. ERP/SCM buyers are paying for planning, forecasting, procurement, and shop-floor automation; HCM buyers for recruiting, skills, learning, and workforce intelligence; Cybersecurity buyers for asset visibility, governance, and autonomous remediation; and FinTech buyers for underwriting, fraud, compliance, and payments intelligence.
- The AI capability stack is becoming tiered. Traditional AI/ML (analytics, automation) is now table stakes, generative AI is reshaping interfaces and knowledge workflows, and an emerging agentic layer - where software executes multi-step tasks autonomously - is the specific battleground in recent deals (ServiceNow-Armis, Salesforce-Qualified). Buyers are increasingly underwriting which layer a platform owns and whether it supports pricing power.
- Valuation outcomes are bifurcating. AI-native or agent-ready platforms with defensible data access, embedded workflows, and clear monetization paths command premiums, while legacy SaaS with a generic AI narrative faces heightened diligence and muted multiples.

- Rule of 40 remains a widely used framework for evaluating SaaS performance, balancing growth and profitability in a single metric.
- While companies with stronger Rule of 40 profiles generally command higher valuation multiples, investors increasingly evaluate growth durability and profitability as distinct drivers of value.
- The dispersion in valuation multiples among companies with similar Rule of 40 scores highlights the importance of additional factors such as market position, retention, cash flow generation, and AI-enabled product differentiation.
- Median SaaS gross margins have expanded steadily over the past decade, reaching approximately 77% in 2026, reflecting the scalability of recurring revenue and cloud-native delivery models.
- Buyers continue to favor software businesses that combine strong recurring revenue characteristics, attractive margins, and clear pathways to sustained profitable growth.

Impact of Rule of 40 on Valuation



Median Gross Margin Trend



Lower Middle-Market Software and Technology Valuation Insight

Lower middle-market software valuations remain resilient, though in comparison to growth and public (large) software, historically trade at a discount (with positive outliers in rule of 30/40/50 scenarios). Buyers are paying 1.7x - 2.9x revenue and 7x - 10x EBITDA across the \$10M - \$500M EV range, with larger, more mature platforms commanding meaningful premiums reflective of lower execution risk, stronger recurring revenue profiles, and broader buyer competition.

Importantly, GF Data's technology category reflects the broad lower middle-market transaction universe - inclusive of on-premise, managed services, and mixed-model businesses - and therefore understates multiples for high-quality, pure-play SaaS platforms.



Pure-play SaaS businesses exhibiting strong ARR growth, high net revenue retention, and healthy gross margins command significantly higher revenue multiples.

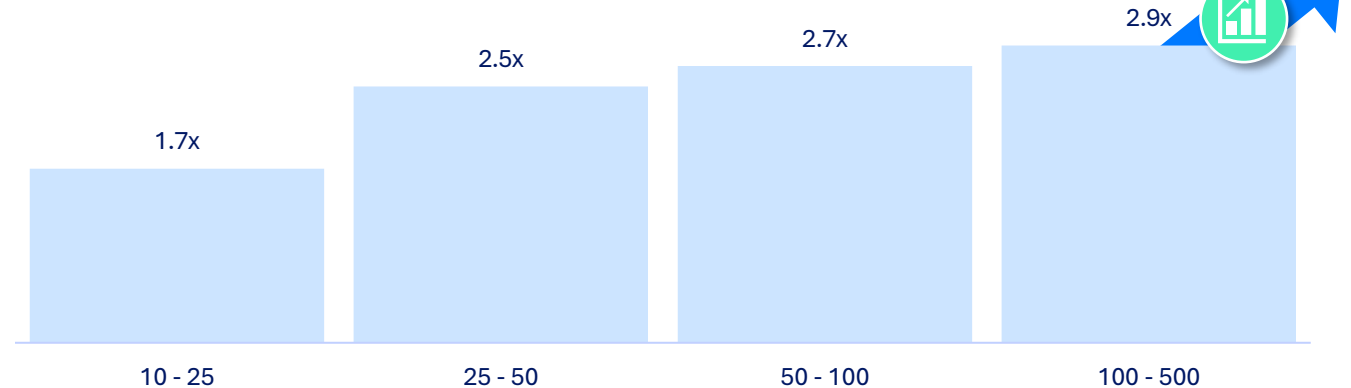
Have questions on how to think about valuation of your technology business? Please contact us!



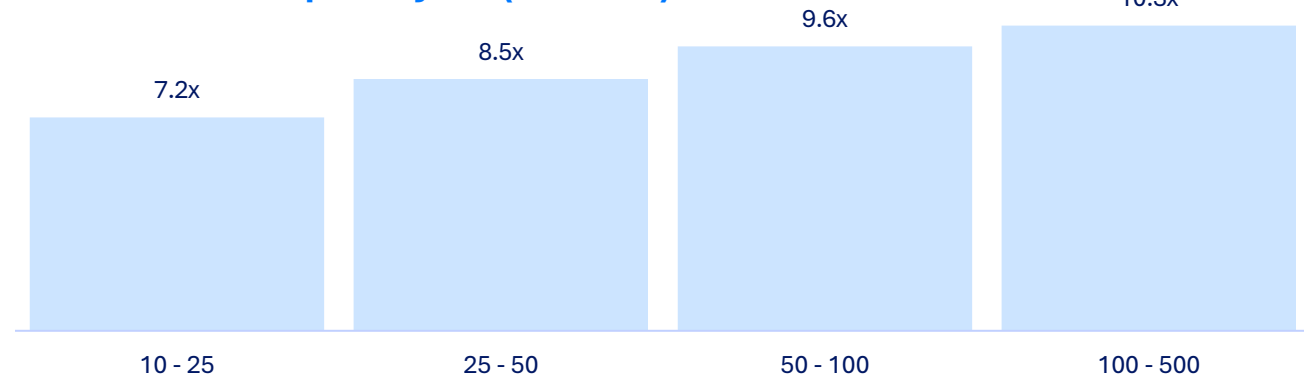
Software and Technology Valuation Multiples



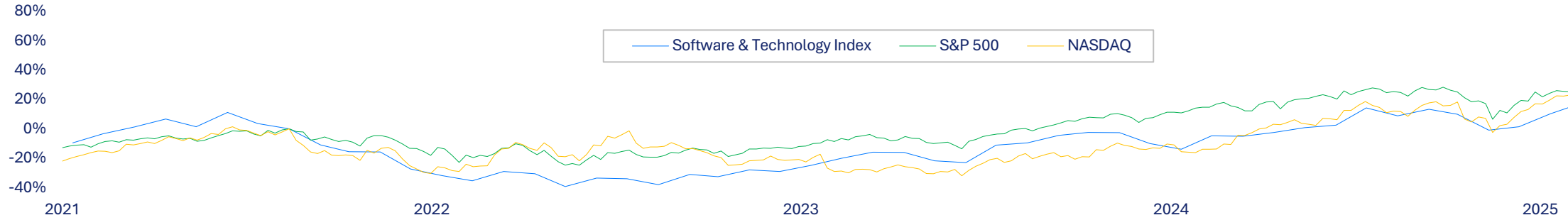
EV/Revenue Multiples by EV (millions)



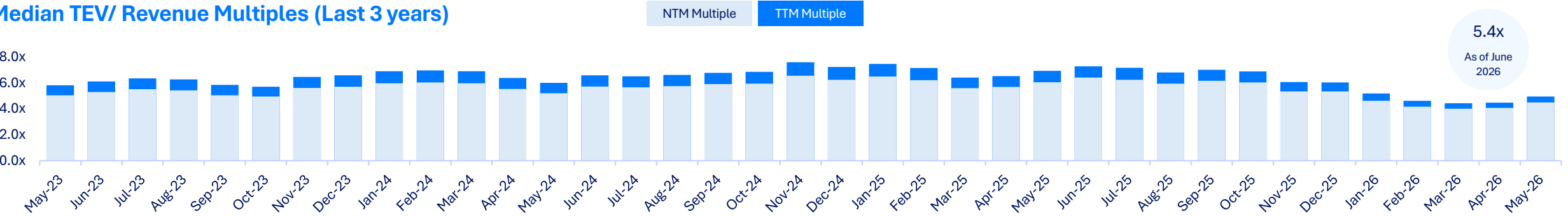
EV/EBITDA Multiples by EV (millions)



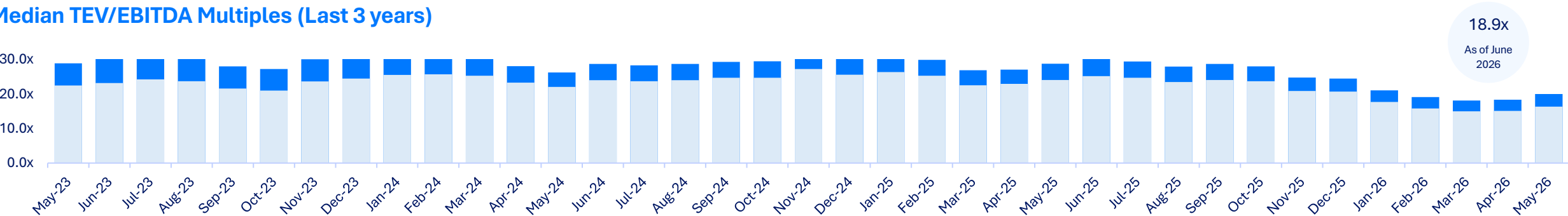
Index Share Performance vs. S&P 500 & Nasdaq (Last 5 years)



Median TEV/ Revenue Multiples (Last 3 years)



Median TEV/EBITDA Multiples (Last 3 years)



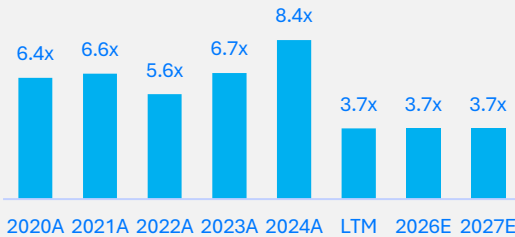
Public Market Pulse

Financial Overview by Subsectors

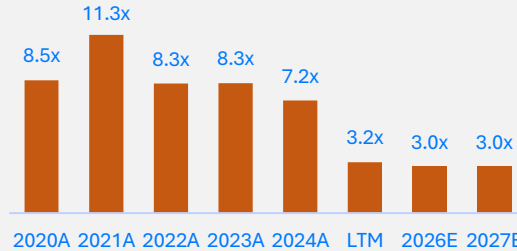
Subcategory	Market Cap	TEV	LTM Revenue	LTM EBITDA	Gross Margins %	EBITDA Margins %	EV/LTM Revenue	EV/LTM EBITDA
ERP / Supply Chain / Industrial	\$5.3	\$5.1	\$0.9	\$0.2	67.6%	24.2%	3.7x	20.5x
HCM & Workforce Management	\$5.4	\$5.2	\$1.6	\$0.4	74.7%	26.5%	3.2x	13.1x
Infrastructure / DevOps & Data	\$21.0	\$21.1	\$2.7	\$0.1	79.9%	2.9%	6.6x	30.4x
Cybersecurity	\$9.8	\$9.2	\$1.2	\$0.1	77.1%	3.5%	5.5x	12.5x
FinTech	\$3.0	\$2.8	\$1.1	\$0.1	65.8%	12.7%	3.1x	24.4x
Sales / Marketing & CX	\$2.0	\$2.1	\$1.1	\$0.1	79.1%	7.1%	2.1x	11.0x
Collaboration & Productivity	\$2.9	\$2.1	\$1.2	\$0.1	79.6%	7.6%	2.3x	9.9x
Vertical Software	\$3.5	\$4.9	\$1.0	\$0.1	65.8%	16.5%	4.0x	14.9x

Historical and Estimated Median TEV / Revenue Multiples

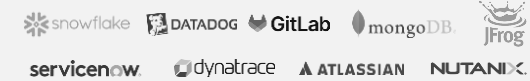
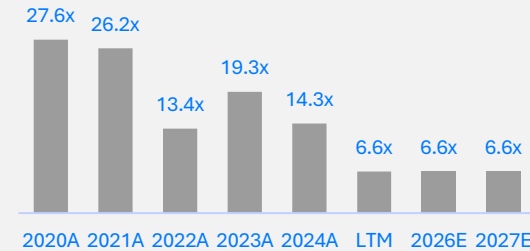
ERP / Supply Chain / Industrial



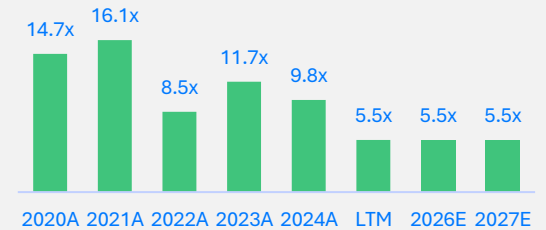
HCM & Workforce Management



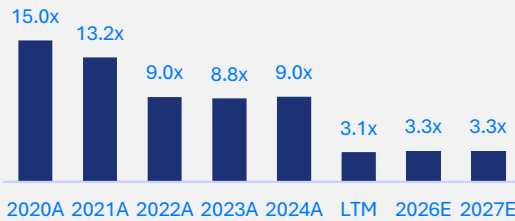
Infrastructure / DevOps & Data



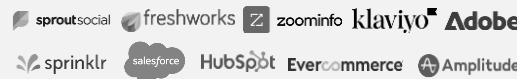
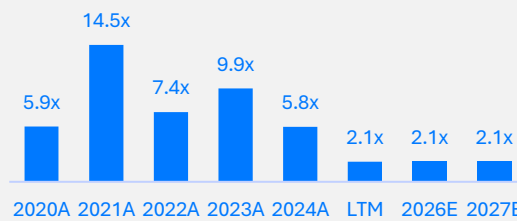
Cybersecurity



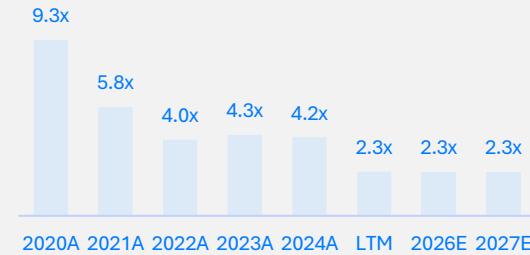
FinTech



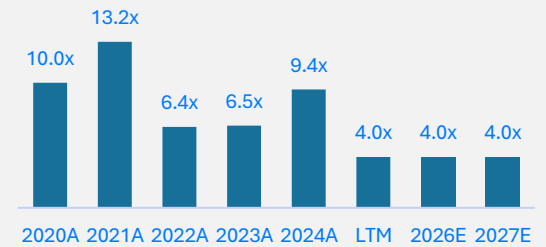
Sales / Marketing & CX



Collaboration & Productivity



Vertical Software



About SC&H Capital

SC&H Capital is an investment banking advisory firm focused on delivering outstanding results to leading middle market and growth companies.

Our solution-driven approach combines creativity and industry experience to help founder-owned businesses navigate the M&A process and achieve their goals.

Specialty
Distribution

Business
Services

Healthcare

Government
Contracting

Manufacturing

Software & Technology



*Boutique Firm
Attention + Large
Firm Execution*

- SC&H Capital has completed hundreds of M&A advisory, financing, and ESOP transactions with an aggregate economic value of over \$275 billion
- Senior banking team professionals have an average of over 20 years of experience in transaction advisory services
- Recognized by clients for providing relevant market and industry insights to help unlock their full strategic value
- Deep software and technology sector expertise



ERP / Supply Chain / Industrial



HCM & Workforce Management



Infrastructure / DevOps & Data



Cybersecurity



FinTech



Sales / Marketing & CX



Collaboration & Productivity



Vertical Software

Our Solutions

 Mergers & Acquisitions

 Debt Capital Markets

 ESOP Transactions

 Special Situations

 Business Valuations

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SC&H Capital brings deep expertise and extensive experience in the software and technology sector, consistently delivering exceptional outcomes for our clients.

Industry Coverage Overview

SaaS	ERP / Supply Chain / Industrial	HCM & Workforce Management
Infrastructure / DevOps & Data	Cybersecurity	FinTech
Sales / Marketing CX	Collaboration & Productivity	Vertical Software
Healthcare IT	Education Software	And More...

500+

Completed Transactions

\$275B

in Deal Value Since Inception

35

Seasoned Investment Bankers



SC&H Capital Software & Technology Experience

Below is a sample of our recent transactions.

 <i>has been acquired by</i> Sell Side Advisor	 <i>has been acquired by</i> <i>a portfolio company of</i> Sell Side Advisor	 <i>has been acquired by</i> Investment Banker for the Seller	 <i>sold its assets to</i> Investment Banker for the Seller	 <i>a subsidiary of</i> <i>has been acquired by</i> Sell Side Advisor
 <i>received equity funding</i> Capital Raise Advisor	 <i>has continued operations through a transaction with</i> Investment Banker for the Seller	 <i>a division of</i> <i>has been acquired by</i> Sell Side Advisor	 <i>has been acquired by</i> <i>a portfolio company of</i> Sell Side Advisor	 <i>has been acquired by</i> <i>a portfolio company of</i> Sell Side Advisor
 <i>has been acquired by</i> <i>a portfolio company of</i> Sell Side Advisor	 <i>has been acquired by</i> Sell Side Advisor	 <i>has been acquired by</i> <i>a portfolio company of</i> Sell Side Advisor	 <i>received equity funding from</i> Capital Raise Advisor	 <i>has been acquired by</i> Financial Advisor

Contact Us For More Information



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Guided by our values — for our clients, colleagues, and communities. Driven by results.

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We pursue excellence through continuous learning, expanded expertise, and proactive exploration of new opportunities.

Exceptionally Responsive

We deliver timely, high-value outcomes by actively listening, honoring our commitments, and exceeding expectations.

People-Focused

Integrity guides everything we do. We value collaboration, accountability, and a commitment to our clients, colleagues, and communities.

Results Driven

We take ownership of outcomes and innovate continuously to achieve measurable, lasting success for our clients.