

WINDSOR DRAKE

SaaS M&A Activity: Q2 2026

MAY 2026

Windsor Drake · Market Intelligence

Value Without Volume

The market is paying more for fewer, larger software transactions.

- Global enterprise SaaS M&A reached **\$83.7B in Q4 2025**, up about 24% on the prior quarter.
- 2025 was the strongest year for enterprise SaaS dealmaking since 2021.
- Q1 2026 IT deal value fell 52.5% on the prior quarter once the xAI megadeal is excluded.
- Capital is concentrating in a smaller set of high-conviction deals.

A Barbell Market

Activity concentrates at the two ends, hollowing the middle.

- High-volume capability tuck-ins anchor one end of the distribution.
- A thin band of transformational megadeals anchors the other.
- PwC characterises 2026 as a K-shaped market favouring large, US software deals.
- Mid-sized assets (\$100M to \$1B) face the thinnest buyer pool.

The Return of Scale

A reopened megadeal market is defining the top of the software cycle.

- **Google / Wiz** (\$32B) closed in March 2026, the largest pure software acquisition on record.
- Technology M&A value rose **27%** year on year in the three months to April 2026 (EY).
- Deals above \$5B saw value surge 149% over the same window (EY).
- Security, data and AI infrastructure anchor the largest transactions.

Strategics and Sponsors Compete

Two well-capitalised buyer pools are bidding for the same assets.

- Strategic platforms are buying AI, security and data capability outright.
- Private equity is executing take-privates of profitable, mature software.
- Deals above \$1B carried **56.6%** of all 2025 global M&A value (PitchBook).
- Competitive tension between the pools is a direct lever on price.

The AI Capability Race

Buyers are acquiring AI capability rather than building it.

- CB Insights records AI-related deals up **47%** year on year in Q1 2026.
- About one-third of 2025's 100 largest corporate deals cited AI as a rationale (PwC).
- McKinsey expects more capability-driven acquisitions across enterprise software.
- Proven, governed AI now reads as core infrastructure for acquirers.

Platform Consolidation

Software platforms are absorbing adjacent point solutions.

- Enterprise CIOs are actively cutting vendor counts, rewarding consolidation.
- Security platforms are buying identity, exposure and observability layers.
- Data platforms are buying streaming, integration and governance capability.
- Scale and breadth are becoming the primary competitive defences.

Private Capital Pressure

Record dry powder is pushing sponsors into software take-privates.

- About **\$3.7T** of global private equity dry powder is seeking deployment (McKinsey).
- **Thoma Bravo / Dayforce** (\$12.3B) and **Hg / OneStream** (\$6.4B) led the 2026 take-private wave.
- Recurring revenue and pricing power make software the favoured sponsor asset.
- Aging 2020-22 fund vintages add further pressure to transact.

A Reopening Market

The broad deal backdrop is the most constructive since 2021.

- Global M&A value reached **\$1.6T** in Q1 2026, up 50.6% year on year (S&P Global).
- The US IPO market posted its strongest first quarter in five years (PitchBook).
- Rate stabilisation and reopened capital markets are lifting buyer confidence.
- Buyer and seller price expectations have converged, unlocking deal flow.

1. The Strategic Sale Leads

With strategic platforms and sponsors both bidding, a sale is the central exit path for venture-backed SaaS, ahead of the IPO for all but the largest, most profitable assets.

- Map your capability against the declared gaps of named acquirers.
- Engineer the asset to be acquirable, not only fundable.

2. Quantify Synergies Early

Headline multiples now rest on identifiable, underwritable synergies; vague strategic fit no longer moves valuation in a disciplined market.

- Model revenue and cost synergies before the LOI stage.
- Present the synergy case in the management presentation.

3. The Window Has Lead Time

A full process runs 12 to 18 months, so capturing the current constructive market means preparation has to begin in the present planning cycle.

- Begin diligence readiness well ahead of market engagement.
- Hold 12 to 18 months of runway to negotiate from strength.

4. Capability Beats Scale Alone

Acquirers are paying premiums for technology and talent that fill a specific gap, above all in AI, security and data infrastructure.

- Frame the asset around a concrete buyer capability deficit.
- Evidence proprietary data and governed, production-grade AI.

5. Expect Structured Consideration

All-cash deals have returned for certainty, but earn-outs remain standard for bridging valuation gaps on AI and early-traction assets.

- Prepare for performance-linked payments over 12 to 24 months.
- Negotiate clear, measurable earn-out milestones up front.

6. Mid-Market Assets Must Choose

In a barbell market the \$100M to \$1B band has the thinnest buyer pool, leaving owners with a clear strategic decision.

- Acquire to reach platform scale, or position to be acquired.
- Delay narrows options as competitive moats erode.

Founder FAQs: Process, Timing & Deal Terms

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The questions founders ask most, answered against the Q2 2026 SaaS M&A market.

Q1 How long does a sale process take?

Plan for a **12 to 18 month** total timeline: six to nine months of preparation, three to six months of market engagement and negotiation, and three or more months for regulatory clearance and closing conditions.

Q3 Is M&A a better route than an IPO?

For most SaaS companies, yes. The IPO window has reopened but rewards scaled, profitable, AI-aligned assets. A strategic sale often delivers a superior risk-adjusted outcome through a control premium and deal certainty.

Q5 When is the right time to run a process?

After **4 to 6 quarters** of predictable performance, while still holding 12 to 18 months of runway. Negotiating from strength, rather than necessity, is what captures a scarcity premium.

Q7 What kills SaaS deals in diligence?

Weak net revenue retention, unpredictable churn, customer concentration, unresolved IP-ownership or open-source issues, security gaps, and integration or cultural risk. Most are addressable with disciplined preparation before engagement.

Q2 Who are the most active buyers right now?

Strategic software platforms buying AI, security and data capability, **private equity** executing take-privates and buy-and-build roll-ups, and **hyperscalers** extending cloud ecosystems. Strategics and sponsors are bidding in parallel.

Q4 What gets a deal the highest price?

A specific capability an acquirer cannot quickly build, clean and underwritable synergies, durable net revenue retention, and a de-risked security and compliance posture. Competitive tension among two or more credible buyers does the rest.

Q6 Should we expect earn-outs?

Often. All-cash consideration has returned as well-capitalised buyers prize certainty, but **earn-outs** remain standard for bridging valuation gaps, particularly on AI-focused or early-traction assets, typically paid over 12 to 24 months.

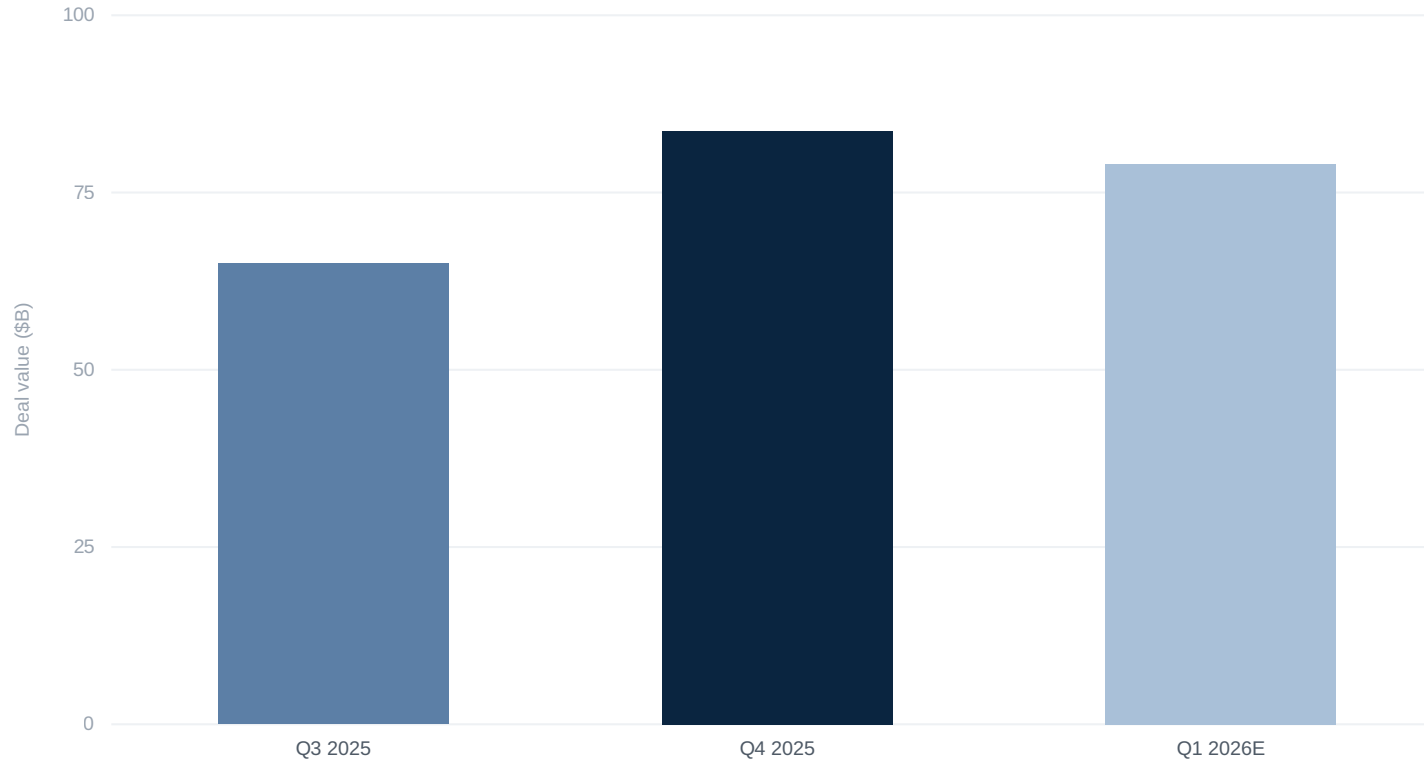
Q8 What are the main cross-border risks?

Regulatory divergence is the primary friction: antitrust review, data-residency rules, and national-security screening (CFIUS and equivalents). Cross-border clearance typically runs 30 to 50% longer than a domestic deal.

SaaS M&A Deal Volume & Value

Deal value is climbing on flat-to-lower deal count: the market is paying more for fewer, larger transactions.

Quarterly Enterprise SaaS M&A Deal Value (\$B)



Q4 2025 ENTERPRISE SAAS M&A

\$83.7B

Up about 24% on the prior quarter, the strongest quarter since 2021 (PitchBook).

Q1 2026 IT DEAL VALUE

-52.5%

Quarter-on-quarter fall once the \$250B xAI deal is excluded (S&P Global).

VALUE PER DEAL

Rising

Capital is concentrating in larger scale and capability transactions.

Key Driver

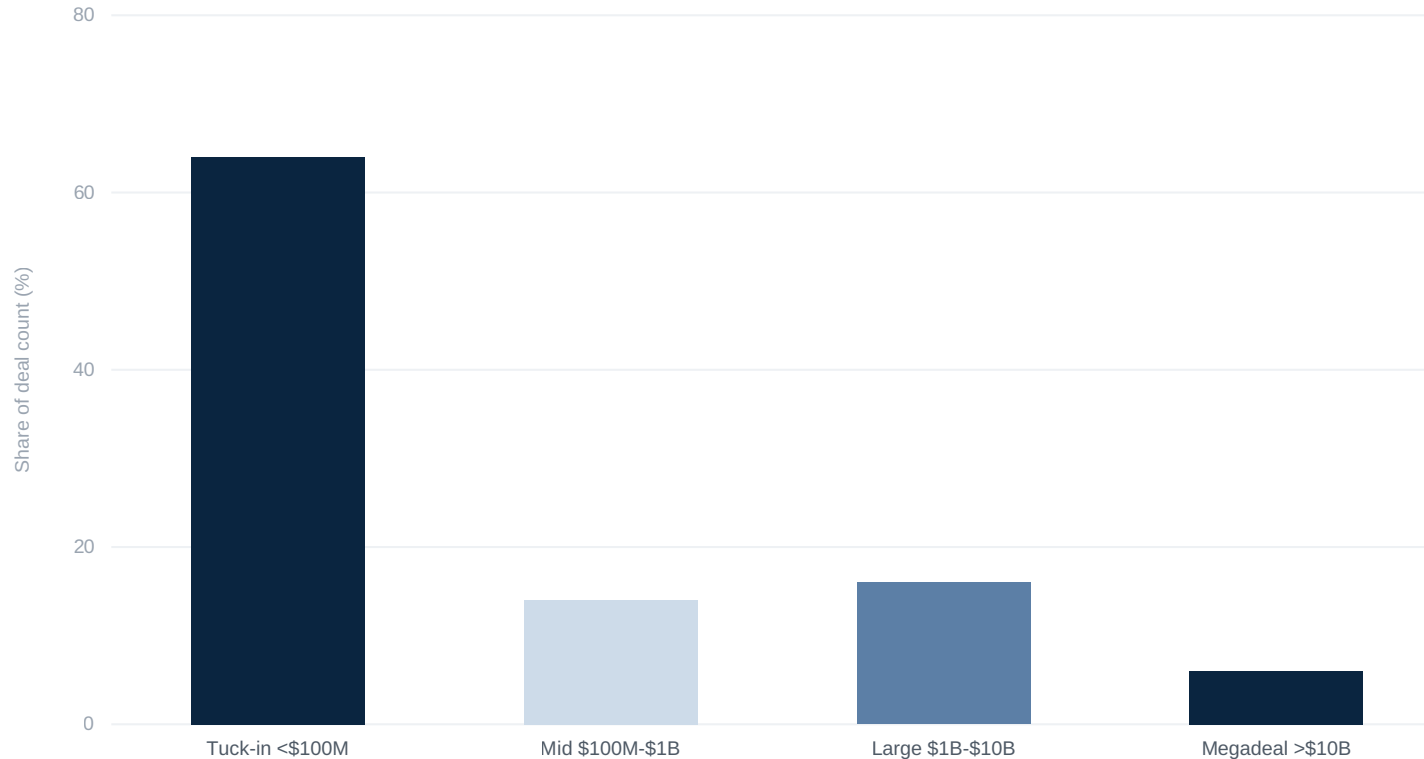
Strategic buyers and sponsors are prioritising decisive, larger transactions over a high cadence of small deals.

Value without volume: PitchBook records enterprise SaaS M&A value at \$83.7B in Q4 2025, up about 24% on Q3's \$65B, with 2025 the strongest year for SaaS dealmaking since 2021. The Q1 2026 bar is a Windsor Drake estimate pending PitchBook's quarterly review.

The Barbell Market: Deal-Size Distribution

Activity concentrates in high-volume tuck-ins and a thin band of megadeals, squeezing the middle market.

Indicative Share of SaaS M&A Deal Count by Size Band (%)



TUCK-IN DOMINANCE

Count

Small capability and acqui-hire deals are the bulk of activity by number.

MEGADEAL CONCENTRATION

Value

A handful of \$10B-plus transactions carry a disproportionate share of value.

THE SQUEEZED MIDDLE

\$100M-\$1B

Mid-sized assets face the thinnest buyer pool and the longest path to exit.

Strategic Implication

Mid-market founders face a binary choice: acquire toward platform scale, or position decisively for a strategic sale.

A hollowing middle: capability tuck-ins dominate by count while a thin band of megadeals dominates by value. The distribution shown is Windsor Drake analysis; the directional pattern is corroborated by PwC's K-shaped market reading and McKinsey.

Notable Transactions of the Cycle

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Four transactions that define the strategic logic of the current SaaS M&A market.

Google / Wiz

Valued at **\$32B**, closed March 2026.

- The largest pure software acquisition on record.
- An all-cash bet on AI-era cloud security capability.
- Cleared antitrust review across the US, EU and other markets.
- Rationale: capability acquisition.

Thoma Bravo / Dayforce

Valued at **\$12.3B**, closed February 2026.

- An all-cash take-private of a global HCM software leader.
- The largest deal in Thoma Bravo's three-decade history.
- Exemplifies sponsor appetite for profitable, mature SaaS.
- Rationale: take-private.

IBM / Confluent

Valued at about **\$11B**, announced December 2025.

- Secures real-time data-streaming capability for the AI stack.
- A strategic platform buying core data infrastructure.
- Positions IBM for agentic and real-time AI workloads.
- Rationale: capability acquisition.

Hg / OneStream

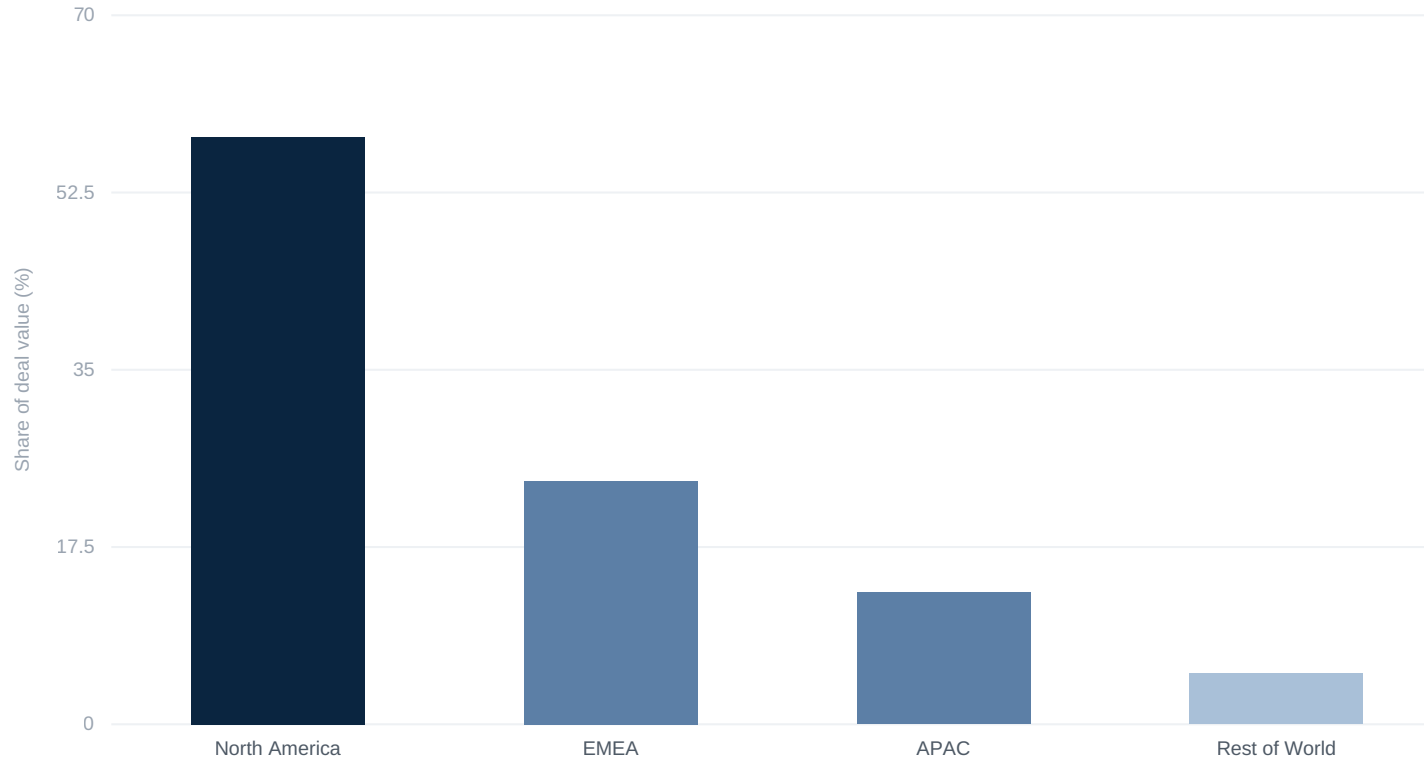
Valued at about **\$6.4B**, completed April 2026.

- A private equity take-private of Office-of-the-CFO software.
- An all-cash transaction announced in January 2026.
- Reflects sponsor demand for durable, cash-generative SaaS.
- Rationale: take-private.

Geographic Deal Distribution

North America anchors SaaS M&A value; Europe and APAC offer cross-border opportunity for scale buyers.

Indicative Share of SaaS M&A Deal Value by Region (%)



NORTH AMERICA

~58%

The deepest pool of strategic software buyers and sponsor capital.

EMEA

~24%

Vertical software and take-private activity drive steady deal flow.

APAC & ROW

~18%

Cross-border acquirers target regulated footholds and growth corridors.

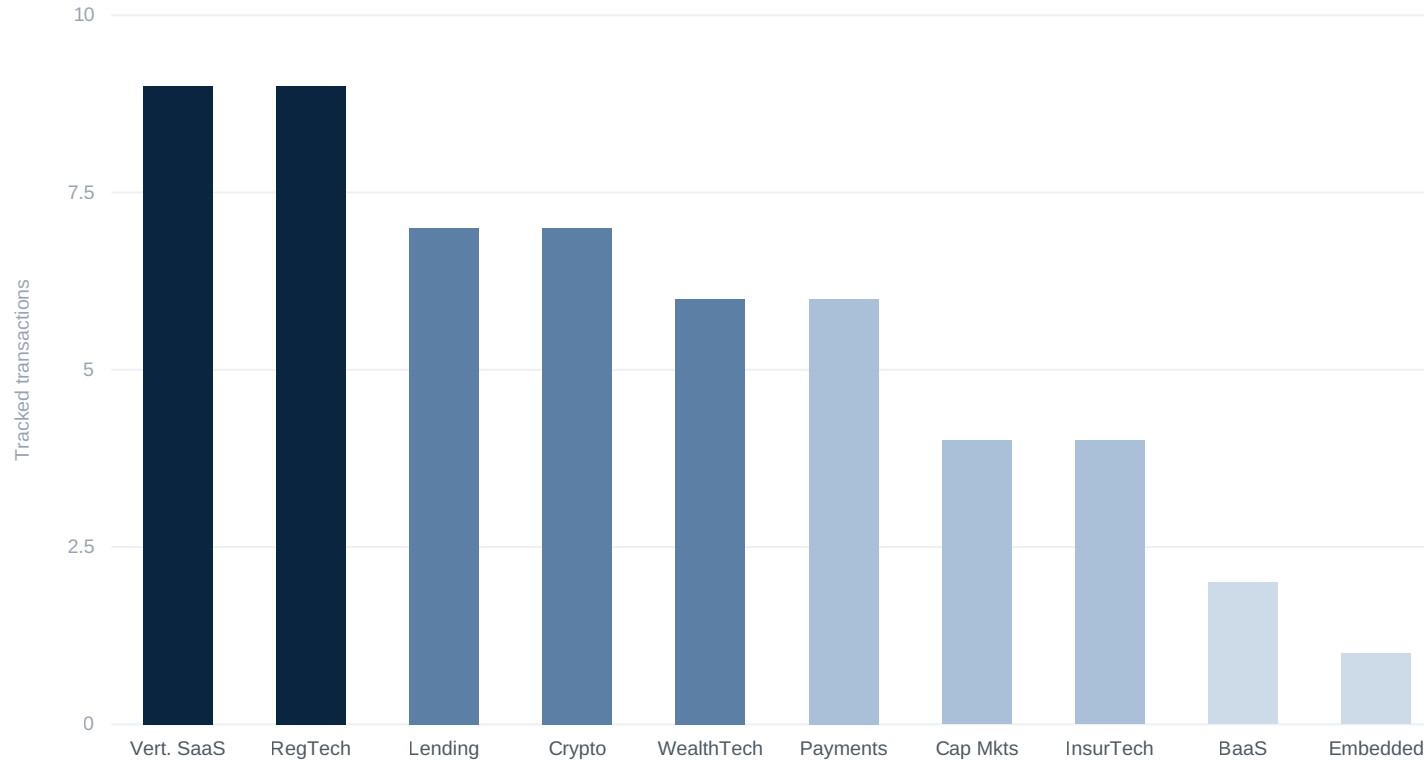
A US-anchored market: PwC notes the US accounts for less than a quarter of global deal volume but more than half of global deal value, a concentration sharpened in software by deep capital markets and the largest strategic acquirers. The distribution shown is Windsor Drake analysis.

The Windsor Drake Transaction Index

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A proprietary index of 55 verified and reported software and fintech transactions calibrates the firm's deal benchmarking.

Tracked Transactions by Category (count, 2019-2026)



TRACKED TRANSACTIONS

55

Verified and reported deals spanning 2019 to 2026.

SOFTWARE-LED DEALS

22

Vertical SaaS, RegTech and capital-markets technology categories combined.

REFRESH CADENCE

Quarterly

The index is updated each quarter as new transactions are verified.

Calibrated to real deals: the index spans 55 transactions from 2019 to 2026, from sub-\$100M capability tuck-ins to deals above \$20B. Software-led categories, vertical SaaS, RegTech and capital-markets technology, account for 22 of the 55 tracked transactions.

The Buyer Landscape

Three buyer groups are competing for SaaS assets, each with a distinct mandate.

A Two-Pool Market

Strategic software platforms and private equity sponsors are bidding for the same assets at the same time. The competition between two well-capitalised pools is the single most reliable lever on final price for a well-prepared seller.

Competition Favours the Seller

With strategics, sponsors and hyperscalers all active, a credible asset can manufacture genuine competitive tension, converting buyer scarcity of quality targets into a scarcity premium.

\$3.7T

PE DRY POWDER

3

ACTIVE BUYER POOLS

Strategic Software Platforms

Security, data and applications platforms acquiring AI, identity and observability capability to consolidate spend and defend share. The most acquisitive group in 2025-26.

Private Equity

Sponsors deploying record dry powder into take-privates of profitable, mature software and buy-and-build consolidation of fragmented vertical categories.

Hyperscalers & Big Tech

Cloud and platform incumbents extending ecosystems and acquiring security, data and AI capability adjacent to their core, as Google's Wiz acquisition shows.

Cross-Border Acquirers

Regional software champions acquiring across borders to secure dollar revenue, regulated footholds and access to deeper capital markets.

Strategic Acquirer Mapping by Category

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Strategic platforms seek capability and consolidation; PE targets cash flow; hyperscalers prioritise the cloud and AI stack.

Category	Strategic Platforms	Private Equity	Hyperscalers
Cybersecurity	HIGH Platform consolidation of identity, exposure and detection.	HIGH Take-privates and buy-and-build of profitable security software.	HIGH Cloud-native security to defend and extend the platform.
Data & AI	HIGH Streaming, integration and governance for the AI stack.	MODERATE Selective buyouts of mature data-infrastructure assets.	HIGH Strategic control of data, models and compute.
HCM & Finance	MODERATE Suite extension into adjacent back-office workflows.	HIGH Prime take-private target: durable, cash-generative SaaS.	LOW Outside core cloud and AI infrastructure priorities.
Vertical SaaS	MODERATE Acquired where it adds embedded payments or data.	HIGH Prime buy-and-build and roll-up consolidation target.	LOW Rarely core unless a strategic data source.
DevOps & IT	HIGH Tooling consolidation into unified developer platforms.	HIGH Take-privates of established IT-management software.	HIGH Cloud-adjacent tooling that drives consumption.
CRM & Front-Office	HIGH Suite expansion and AI-native engagement capability.	HIGH Take-privates of scaled, profitable applications.	LOW Limited direct interest outside the platform core.

■ High Activity / Priority Target

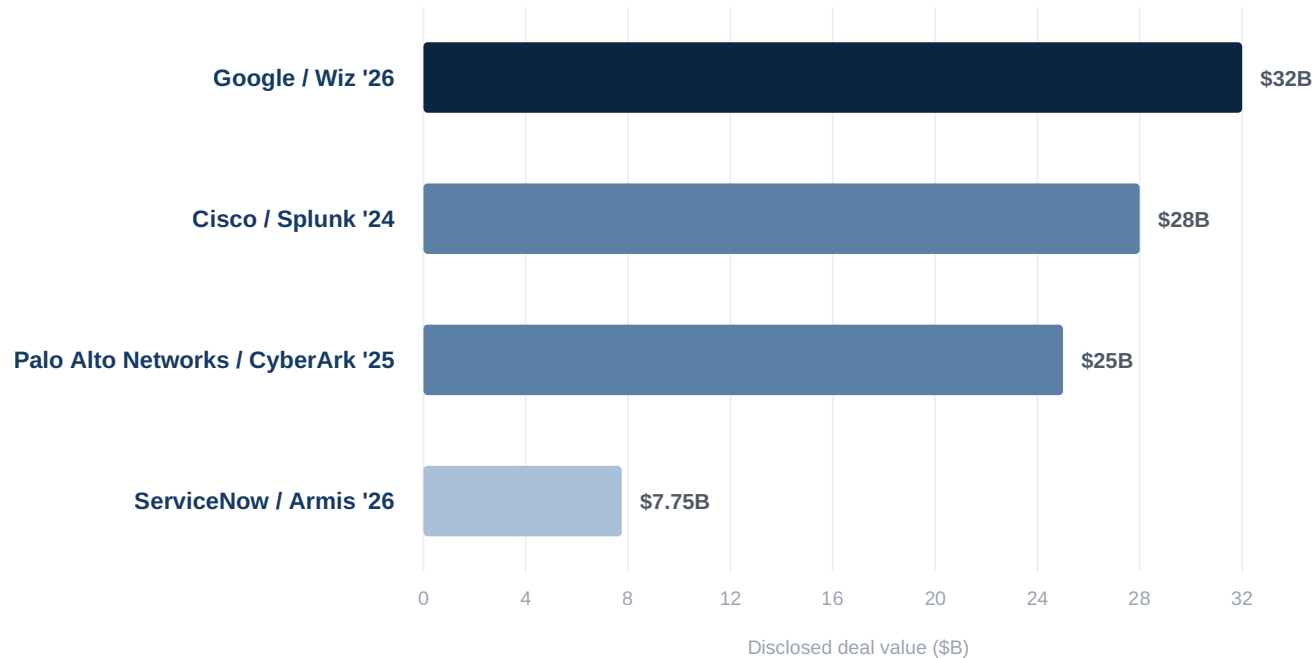
■ Moderate / Opportunistic

■ Low Activity / Niche Only

Cybersecurity Software M&A: Platform Consolidation

Cybersecurity is the most acquisitive software category, led by platform-scale megadeals and identity consolidation.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Platform Consolidation

Buyers are assembling unified security platforms, acquiring identity, exposure management and detection layers to consolidate fragmented enterprise security spend.

AI-Era Cloud Security

Cloud and AI adoption has made cloud-native security a strategic priority, driving the largest software acquisition on record in Google's purchase of Wiz.

Buyer Set

Strategic security platforms, hyperscalers and private equity all compete for security assets; the largest deals are strategic-on-strategic combinations.

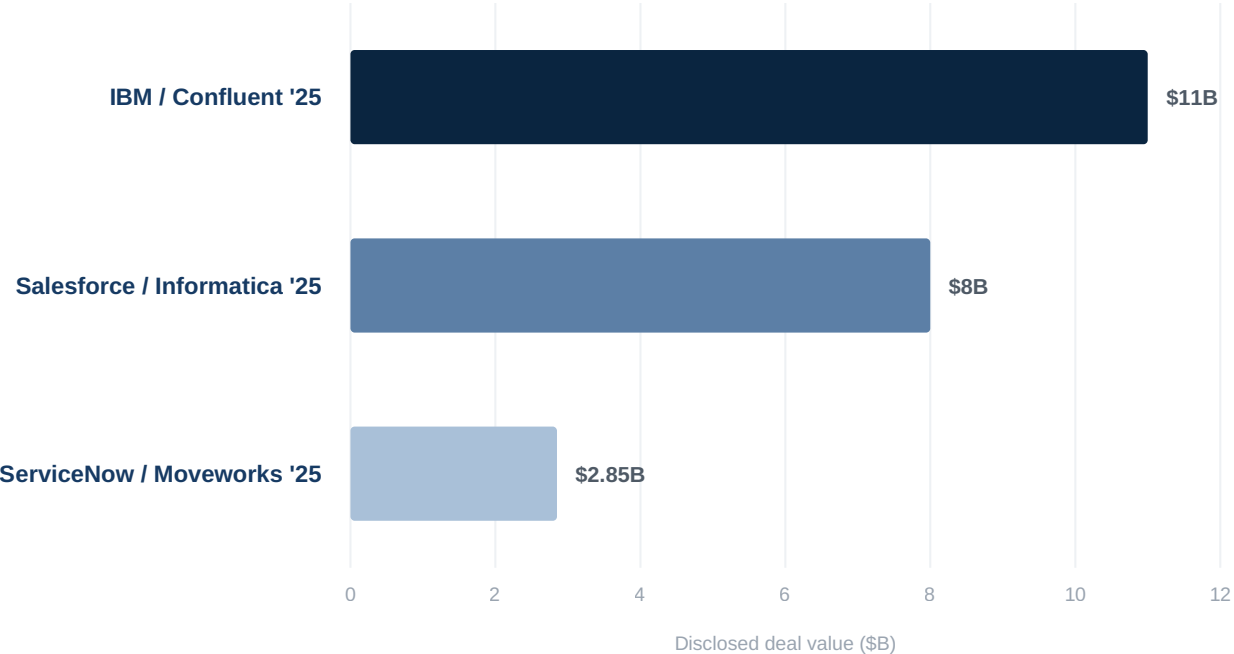
KEY OBSERVATION

Cybersecurity carries a disproportionate share of total software M&A value, while identity and exposure tuck-ins continue at a steady cadence.

Data, Analytics & AI Software M&A

Data and AI software M&A is driven by platforms acquiring the streaming, integration and model capability behind the AI stack.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Feeding the AI Stack

Acquirers are buying real-time streaming, data integration and governance capability, the infrastructure that production AI and agentic workloads depend on.

Strategic Control of Data

McKinsey notes the most active acquirers are pursuing strategic control of data, access to AI models and computing efficiency rather than broad ecosystem expansion.

Capability Over Coverage

Buyers favour governed, production-grade data and AI assets that fill a precise gap, with proprietary data treated as a durable, hard-to-replicate moat.

KEY OBSERVATION

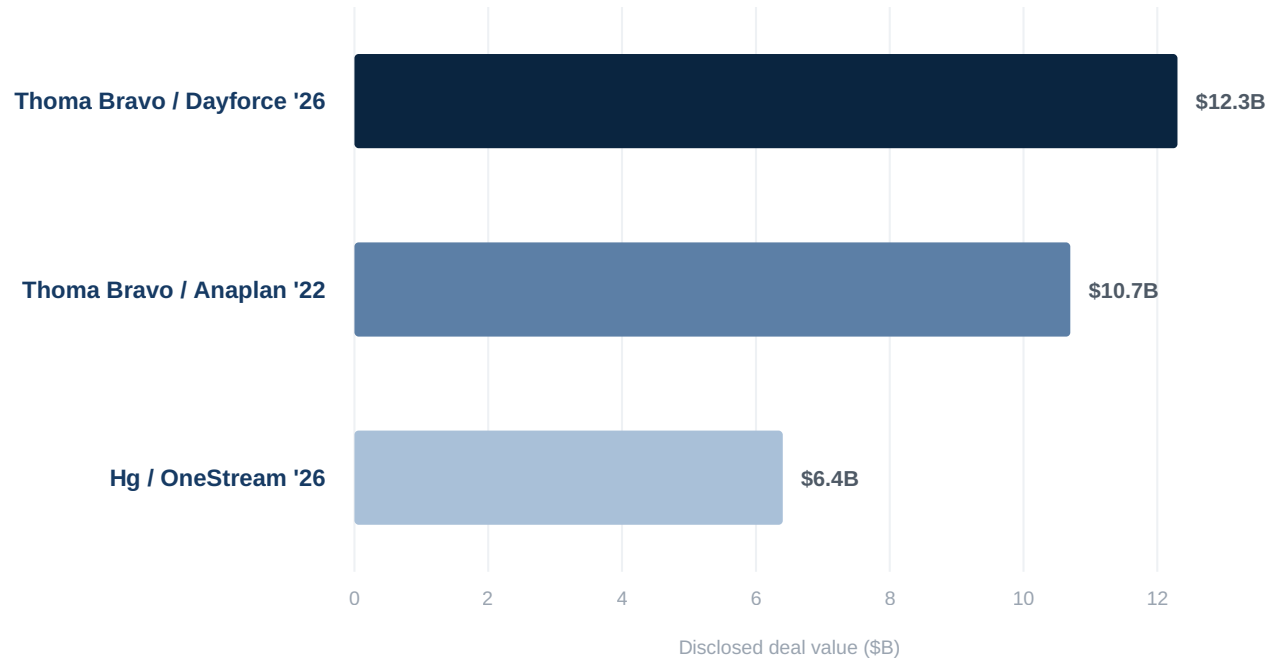
Data and AI software M&A is a capability story: buyers are acquiring the pipes and models behind the AI stack, not broad analytics suites.

Sources: company announcements and SEC filings; PitchBook; CB Insights. See appendix.

HCM, Finance & Office-of-CFO Software M&A

Back-office software M&A is led by private equity take-privates of profitable, cash-generative platforms.

Representative Transactions, Disclosed Deal Value



Deal Drivers

The Take-Private Thesis

HCM, finance and planning software offers the recurring revenue, low churn and pricing power that support leverage, making it the prime private equity take-private target.

Mature Software at a Discount

Sponsors are acquiring established back-office platforms trading below intrinsic value, with Thoma Bravo's \$12.3B Dayforce take-private the marquee 2026 example.

Buyer Set

Software-focused sponsors lead, while strategic suites acquire selectively to extend into adjacent finance, planning and workforce workflows.

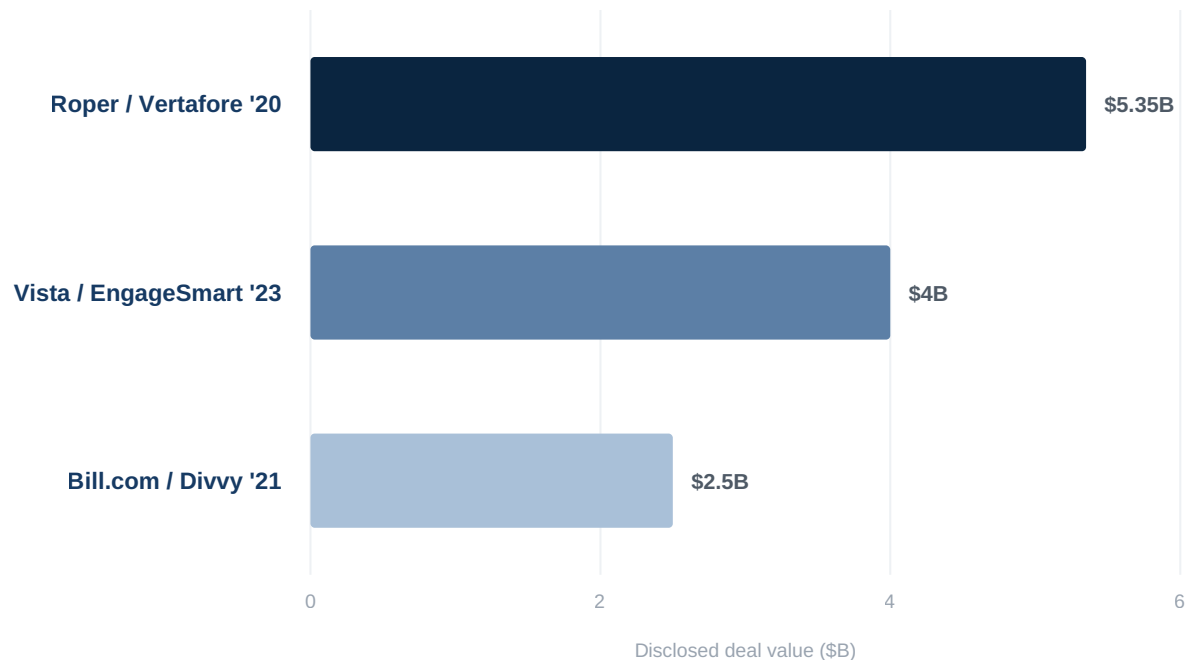
KEY OBSERVATION

Office-of-the-CFO and HCM software is the clearest expression of sponsor demand for durable, profitable, cash-generative SaaS.

Vertical & Industry SaaS M&A

Vertical SaaS M&A is led by private equity buy-and-build and by strategics acquiring embedded payments and data.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Buy-and-Build Consolidation

Private equity consolidates fragmented vertical software, combining point solutions into platforms that own the system of record for an industry and drive cross-sell.

Embedded Finance Premium

Strategics and sponsors pay premiums for vertical platforms that layer embedded payments and financial workflows onto core software, deepening monetisation.

Workflow Ownership

Buyers target platforms that own a vertical's daily workflow, the foundation for durable, low-churn, low-CAC expansion revenue.

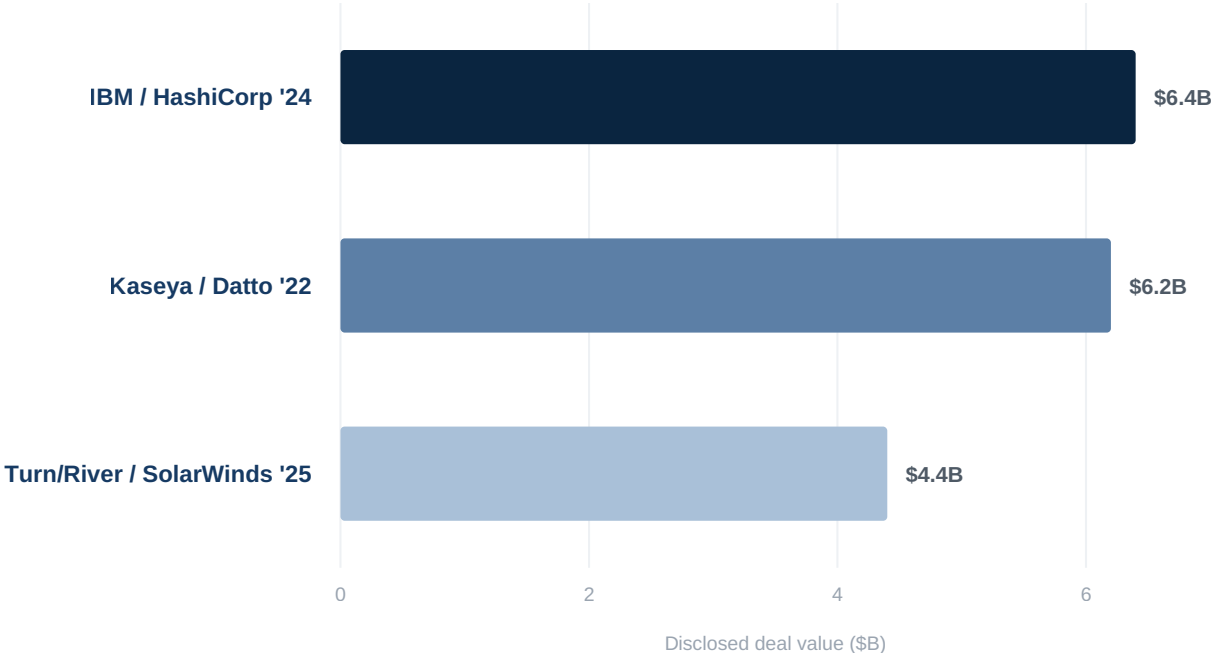
KEY OBSERVATION

Vertical SaaS generates a high deal count across small tuck-ins and mid-market roll-ups, anchored by private equity buy-and-build strategies.

DevOps, IT & Cloud Software M&A

DevOps and IT software M&A is driven by tooling consolidation into unified developer and operations platforms.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Tooling Consolidation

Buyers are unifying fragmented developer and operations tooling into single platforms, as enterprises cut vendor counts and reward consolidated suites.

Cloud-Adjacent Capability

Strategic acquirers and hyperscalers buy infrastructure-automation and IT-management software that drives cloud consumption and locks in the platform.

Take-Private Appetite

Established IT-management software with recurring revenue and a loyal base is a recurring private equity take-private target, as the SolarWinds buyout shows.

KEY OBSERVATION

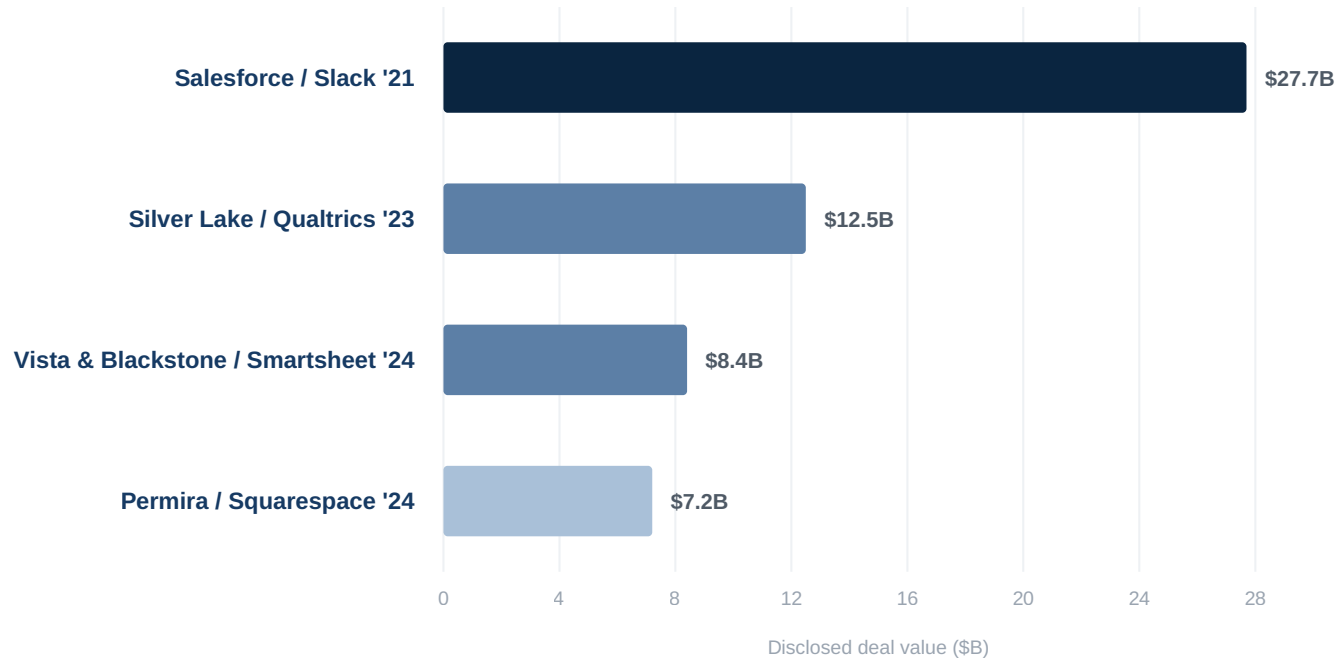
DevOps and IT software M&A blends strategic platform consolidation with steady private equity take-private activity in mature tooling.

Sources: company announcements and SEC filings; PitchBook; CB Insights. See appendix.

CRM, Front-Office & Collaboration Software M&A

Front-office software M&A spans strategic suite expansion and large private equity take-privates of scaled applications.

Representative Transactions, Disclosed Deal Value



Deal Drivers

Suite Expansion

Strategic applications platforms acquire engagement, collaboration and experience software to broaden suites and embed AI-native workflows across the front office.

Take-Privates of Scaled Apps

Sponsors are taking profitable, scaled front-office applications private, betting on pricing optimisation and a mix-shift toward high-margin recurring revenue.

AI-Native Engagement

Buyers favour assets with embedded AI and proprietary engagement data, the capability that is hardest for an acquirer to build organically at speed.

KEY OBSERVATION

Front-office software M&A is split between strategic suite builders and sponsors executing large take-privates of mature applications.

Comparable Transaction Analysis Framework

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A rigorous quality-of-revenue filter rather than broad industry codes.

1. Select Peer Set

Identify genuinely comparable transactions by fundamental business characteristics: model, revenue quality, growth profile and buyer type, never by broad category labels alone.

2. Normalise the Deal

Adjust for deal structure: consideration mix, earn-out weighting and assumed liabilities, to recover the true economic value behind a headline figure.

3. Calibrate the Premium

Apply a control-premium layer, typically 20 to 30%, where cost and revenue synergies can be concretely underwritten by a strategic buyer.

55

TRACKED TRANSACTIONS

2019-26

INDEX COVERAGE

Proprietary Transaction Index

Calibration draws on the firm's proprietary index of **55 verified and reported software and fintech transactions (2019-2026)**, refreshed each quarter.

Quality-of-Revenue Filter

Peer selection prioritises net revenue retention, gross-margin profile and customer-concentration risk over headline scale.

Strategic-Fit Weighting

Comparable sets weight transactions by strategic rationale, since capability buys and take-privates price on different logic.

Confidence Grading

Every tracked deal is graded Verified, Reported or Estimated, so calibration leans on the best-evidenced transactions.

Strategic Acquirers: The Platform Consolidators

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Software platforms are buying capability and consolidating spend rather than building organically.

Strategic Motives: Buy vs. Build

The internal build cycle for AI, security and data capability is too slow to keep pace with the market. That gap is compelling software platforms to acquire modern capability outright, treating M&A as a core capability strategy rather than an occasional event.

Acquisition Patterns

The clear preference is for capability acquisitions that consolidate adjacent spend, often preceded by a partnership or integration that de-risks the technology before a full buyout.

Capability

THE PRIMARY MOTIVE

Platform

THE STRATEGIC FRAME

Priority: AI & Data Capability

Production-grade AI and the data infrastructure behind it are the leading acquisition targets, deployable across an entire installed base.

Priority: Security & Identity

Security platforms acquire identity, exposure and detection layers to consolidate fragmented enterprise security spend into one stack.

Priority: Spend Consolidation

With enterprise CIOs cutting vendor counts, platforms acquire adjacent point solutions to capture budget and raise switching costs.

Federated Integration

A federated model preserves the target's product velocity and talent while platform-grade scale and go-to-market are overlaid.

Private Equity Acquisition Patterns

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Record dry powder is pushing sponsors into software take-privates and buy-and-build roll-ups.

Deployment Pressure

With roughly \$3.7T of global dry powder to deploy, sponsors face acute pressure to transact. Enterprise software remains the most coveted asset class, prized for recurring revenue, low capital intensity and pricing power that survives most macro environments.

The Take-Private Thesis

Mature, profitable software trading below intrinsic value is a prime target. Thoma Bravo's \$12.3B take-private of Dayforce and Hg's \$6.4B take-private of OneStream are the marquee 2026 examples.

~\$3.7T

GLOBAL DRY POWDER

\$12.3B

DAYFORCE TAKE-PRIVATE

Ideal Target Profile

Sponsors prioritise a high recurring-revenue mix, strong net revenue retention and efficient growth, the profile that supports leverage capacity.

Value-Creation Playbook

Pricing optimisation, a mix-shift toward high-margin software revenue, and buy-and-build consolidation of fragmented vertical categories.

Constrained Credit

S&P Global notes a strained private credit market is pressuring the largest software buyouts, favouring sponsors with scale and certainty of funds.

Deal Structure

A resurgence of all-cash transactions for deal certainty, with earn-outs bridging gaps on unproven AI capability.

Capability M&A: AI, Data & Security

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The fastest-growing strand of SaaS M&A is the acquisition of specific technical capability.

AI & Agentic Workflows

HIGHEST DEMAND

Buying production-grade automation

- Acquirers are buying governed, production AI, not pilots or research teams.
- CB Insights records AI-related deals up 47% year on year in Q1 2026.
- The build cycle for agentic workflows is too slow to match the market.
- **Signal:** evidence measurable operating leverage from deployed AI.

Data Infrastructure

STRATEGIC CONTROL

The pipes behind the AI stack

- Streaming, integration and governance capability are persistently acquired.
- IBM's purchase of Confluent secured real-time data-streaming capability.
- Buyers pursue strategic control of data, models and compute (McKinsey).
- **Signal:** demonstrate proprietary, governed, well-documented data assets.

Security & Identity

TOP PLATFORM PRIORITY

Deployable across a whole base

- Cloud security, identity and exposure layers are leading platform targets.
- Google's \$32B Wiz acquisition set the benchmark for the category.
- Value accrues to capability that scales across an entire customer base.
- **Signal:** prove low false-positive rates on real production traffic.

Embedded AI in Vertical SaaS

EMERGING LEVER

AI native to the workflow

- Buyers pay up for vertical platforms with AI native to the workflow.
- Proprietary, industry-specific training data is the durable moat.
- Embedded AI raises switching costs and deepens monetisation.
- **Signal:** quantify the productivity gain the AI delivers to customers.

Deal Structure & Terms

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How SaaS transactions are being structured in the current market.

Consideration Mix

ALL-CASH RESURGENCE

Certainty is back in favour

- All-cash consideration has returned as well-capitalised buyers prize certainty.
- Google / Wiz, Thoma Bravo / Dayforce and Hg / OneStream were all-cash.
- Stock still features where buyer and seller want aligned upside.
- **Founder note:** weigh certainty against participation in future value.

Earn-Outs

STANDARD BRIDGE

Bridging the valuation gap

- Earn-outs remain standard for AI-focused and early-traction assets.
- Performance-linked tranches typically run over 12 to 24 months.
- They bridge gaps where forward growth is genuinely unproven.
- **Founder note:** negotiate clear, measurable, controllable milestones.

Control Premiums

20-30% LAYER

Paid for underwritable synergy

- Strategic control premiums typically run 20 to 30% over standalone value.
- The premium is paid only where synergies can be concretely underwritten.
- Vague strategic fit no longer commands a premium on its own.
- **Founder note:** quantify the synergy case before the LOI stage.

Regulatory Remedies

DESIGNED IN

Antitrust planned from day one

- Larger deals increasingly design structural remedies in from the outset.
- Antitrust review of platform megadeals has lengthened timelines.
- Cross-border clearance runs 30 to 50% longer than a domestic deal.
- **Founder note:** model regulatory timelines into runway and structure.

Cross-Border M&A Considerations

Jurisdictional divergence is the primary execution risk in cross-border SaaS deals.

Regulatory Regimes

Heightened scrutiny of data infrastructure and critical software, and divergence between regional AI and data-protection frameworks, materially complicate integration and lengthen approval timelines for cross-border transactions.

The Arbitrage Case

Cross-border deals also create opportunity: acquirers use strong-currency positions and deeper capital markets to acquire regulated footholds and growth corridors abroad.

12-18mo

CROSS-BORDER CYCLE

+30-50%

LONGER CLEARANCE

Extended Timelines

Regulatory clearance for cross-border software deals runs 30 to 50% longer than domestic transactions; ensure runway to withstand delay without losing leverage.

Antitrust & Screening

Antitrust review and national-security screening (CFIUS and equivalents) are the principal sources of friction and timeline risk.

Data Residency

Data-residency and sovereignty rules can require architectural change; surface them in diligence rather than after signing.

Local Partners

Retaining local management and a dual-track option preserves both regulatory navigation and competitive tension through close.

Competitive Moats That Attract Acquirers

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Acquirers pay premiums for structural defensibility that they cannot quickly build.

Data Moats

ASSET VALUE: HIGH

Proprietary data training AI models

- Creates a virtuous cycle of product improvement rivals cannot replicate.
- Powers unique AI, prediction or personalisation capability.
- Compounds in value as the install base and data history grow.
- **For the buyer:** an asset that is faster to buy than to recreate.

AI-Native Operations

SCALE VALUE: HIGHEST

Scalability decoupled from headcount

- AI-driven operations cut the marginal cost to serve.
- Demonstrates non-linear margin expansion as the business scales.
- Production AI is the single most-sought capability in 2026 M&A.
- **For the buyer:** deployable operating leverage across the base.

Workflow Ownership

RETENTION VALUE: HIGH

The system of record for a function

- Owning the daily workflow makes the product structurally sticky.
- Underpins durable net revenue retention and low churn.
- Creates the surface for embedded payments and AI monetisation.
- **For the buyer:** a defensible base for cross-sell and expansion.

Network Effects

GROWTH VALUE: HIGH

Two-sided platform value creation

- Each incremental participant adds value across the ecosystem.
- Drives structurally lower CAC and higher retention over time.
- Raises switching costs as network density compounds.
- **For the buyer:** a self-reinforcing distribution advantage.

Positioning for Strategic Acquisition

WINDSOR DRAKE

Strategic value is driven by capability fit, integration ease and synergy density.

Capability Fit

Demonstrate unique IP and proprietary data or AI assets that fill a specific, declared buyer gap, making the buy-versus-build decision self-evident for the acquirer.

Integration Ease

Acquirers pay clear premiums for plug-and-play assets. Minimise critical dependencies, document APIs thoroughly, and present clean, audited financials.

Synergy Density

Quantify the revenue lift from cross-selling into the acquirer's base, and model cost synergies from shared infrastructure, to support a higher offer.

Strategic Buyer Mapping

Run a structured gap analysis of potential acquirers and map your capabilities to each buyer's declared strategic deficits.

Proof-of-Integration

Develop technical materials that demonstrate speed-to-value within the acquirer's ecosystem, pre-empting technical diligence.

Synergy Quantification

Explicitly model top-line and bottom-line impact in the management presentation to anchor the price conversation on hard numbers.

Comprehensive VDR Readiness

Build a defensive data room addressing security, IP and customer-concentration risk before the first buyer engagement.

Timing the Exit: 12-18 Month Roadmap

WINDSOR DRAKE

A full process runs 12 to 18 months end to end. Founders who prepare in the current cycle meet the market while today's alignment of buyer demand, capital availability and reopened deal flow still holds.



Readiness & Hygiene

Q3 2026

- Audit completion to PCAOB standard
- AI governance and data-rights review
- Net revenue retention and synergy mapping
- Clean up the cap table and option pool

KEY MILESTONE

Clean IP and open-source scan



Strategic Positioning

Q4 2026

- Build the strategic buyer-targeting list
- Draft the CIM and management presentation
- Quantify the synergy case per acquirer
- Lock key-employee retention packages

KEY MILESTONE

Retention packages locked



Market Engagement

Q1 2027

- Fireside chats with priority strategics
- Solicit initial indications of interest
- Deliver management presentations
- Open the virtual data room

KEY MILESTONE

Competitive bid tension



Execution & Closing

Q2 2027

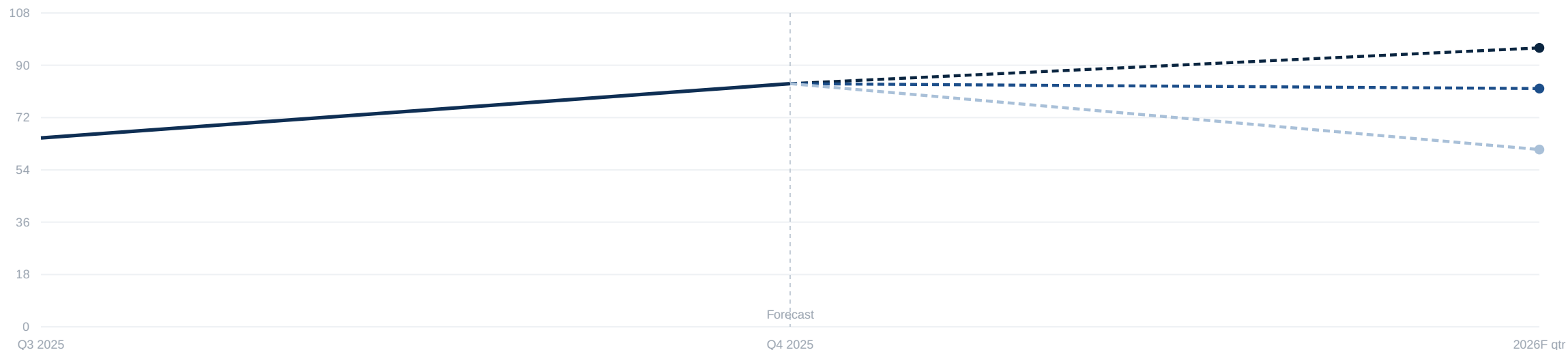
- Definitive agreement negotiation
- Regulatory filings and antitrust review
- Confirmatory diligence support
- Closing and integration kickoff

KEY MILESTONE

No-MAC event verification

2026 SaaS M&A Outlook Scenarios

With enterprise SaaS M&A value at \$83.7B in Q4 2025, the 2026 trajectory turns on rates, the credit market and the pace of AI capability buying.



BULL CASE

~\$96B

Key Drivers

- Aggressive rate cuts and an open private credit market
- An AI capability-buying wave accelerates
- Megadeal momentum continues across security and data

IMPLICATION: A SELLER'S MARKET

BASE CASE

~\$82B

Key Drivers

- Steady rate normalisation and stable financing
- Quarterly deal value holds near the Q4 2025 level
- Capability and take-private deals lead activity

IMPLICATION: A CONSTRUCTIVE MARKET

BEAR CASE

~\$61B

Key Drivers

- A constrained private credit market for software LBOs
- AI-disruption concerns weigh on application software
- Buyers retreat to the smallest capability tuck-ins

IMPLICATION: A BUYER'S MARKET

Emerging Deal Themes

WINDSOR DRAKE

Where the next wave of SaaS M&A is concentrating, and what it means for sellers.

Agentic AI Capability

Buyers are acquiring agentic-AI and orchestration capability as autonomous software workflows reshape how enterprise applications are built and operated.

Security Platform Consolidation

Identity, exposure and detection layers are being absorbed into unified security platforms, a theme moving quickly from tuck-in to multi-billion-dollar scale.

Data Infrastructure for AI

Streaming, integration and governance software is being acquired as the indispensable plumbing beneath production and agentic AI.

Capability Buys Accelerate

Platforms are buying AI, data and security capability faster than they can build it, widening the strategic buyer pool for technical assets.

PE Take-Privates Intensify

Sponsors are taking profitable, mature software private and rolling up fragmented vertical categories, with record dry powder still seeking deployment.

Regional Champions Go Global

European and APAC software leaders are acquiring North American assets to capture scale, dollar revenue and deeper capital-market access.

A Demand-Led Market

Record dry powder and capability-driven demand are chasing a supply of quality SaaS assets that has not kept pace.

M&A Case Study: Google & Wiz

WINDSOR DRAKE

The defining capability acquisition of the cycle, and the playbook it sets for founders.

The Capability Playbook

Google's acquisition of **Wiz**, valued at **\$32B** and closed in **March 2026**, is the largest pure software acquisition on record. It confirms that in the AI era, a strategic platform will pay an exceptional premium to buy a category-defining capability rather than build it.

Strategic Rationale

- **Capability acquisition:** securing AI-era cloud security that Google could not build at comparable speed.
- **Platform defence:** strengthening Google Cloud against hyperscaler rivals on security, a primary purchase criterion.
- **All-cash certainty:** a clean, all-cash structure that cleared antitrust review across multiple jurisdictions.

Implications for Founders

Capability Commands the Premium

The exceptional headline value rested on a **specific, hard-to-build capability** at category-defining scale. Acquirers pay up for what they cannot quickly recreate, not for breadth alone.

Quantify Synergies Pre-LOI

Even at the top of the market, value rests on **underwritable strategic logic**. A rigorous, buyer-specific capability and synergy case, presented before the LOI, is what anchors price.

Engineer for Clean Clearance

An **all-cash structure and a clean compliance posture** sped a complex multi-jurisdiction review. Integration and regulatory readiness are themselves value levers in a demand-led market.

The M&A Readiness Mandate

WINDSOR DRAKE

Four workstreams that convert a strong company into a prepared, acquirable asset.

1. Financial Hygiene

FOUNDATION

Make the numbers diligence-ready

- Complete an audit to institutional standard well ahead of a process.
- Reconcile metrics so reported ARR and NRR survive buyer scrutiny.
- Clean the cap table, option pool and any related-party items.
- Resolve revenue-recognition and contract questions early.

2. Capability Narrative

POSITIONING

Frame the asset for a specific buyer

- Identify the precise capability gap the asset fills for each acquirer.
- Evidence proprietary data and governed, production-grade AI.
- Position as platform capability, not a single point tool.
- Map the story to the declared strategy of the top five buyers.

3. Synergy Case

VALUE

Do the buyer's math for them

- Model revenue synergies from cross-sell into the acquirer's base.
- Quantify cost synergies from shared infrastructure and scale.
- Present the case in the management presentation, not after.
- Anchor the price conversation on underwritable numbers.

4. Risk & Data Room

EXECUTION

De-risk before first contact

- Build a defensive VDR covering security, IP and concentration risk.
- Pre-empt technical diligence with integration-readiness materials.
- Lock key-employee retention before the process begins.
- Model regulatory and antitrust timelines into the plan.

Appendix: Sources & Methodology (Part 1)

WINDSOR DRAKE

Institution	Report / Source	Date
PitchBook	<i>Q4 2025 Enterprise SaaS M&A Review</i>	Feb 2026
PitchBook	<i>Q3 2025 Enterprise SaaS M&A Review</i>	Nov 2025
PitchBook	<i>2025 Annual Global M&A Report</i>	Jan 2026
PitchBook	<i>Q1 2026 US IPO Outlook (Analyst Note)</i>	Jan 2026
S&P Global Market Intelligence	<i>Global M&A by the Numbers: Q1 2026</i>	Apr 2026
EY	<i>M&A Activity Insights: April 2026</i>	Apr 2026
PwC	<i>Global M&A Industry Trends: 2026 Outlook (TMT)</i>	2026
McKinsey & Company	<i>Technology M&A: AI Enters Its Industrial Phase</i>	2026
McKinsey & Company	<i>2026 M&A Trends: Navigating a Rapidly Rebounding Market</i>	Feb 2026
McKinsey & Company	<i>Global Private Markets Report 2026</i>	Mar 2026

Appendix: Sources & Methodology (Part 2)

WINDSOR DRAKE

Institution	Report / Source	Date
CB Insights	<i>State of Venture and M&A data, Q1 2026</i>	Apr 2026
Federal Reserve	<i>FOMC Statement; Summary of Economic Projections</i>	2026
Alphabet Inc.	<i>Investor communications, Wiz acquisition close</i>	Mar 2026
Dayforce, Inc.	<i>SEC Form 8-K, Thoma Bravo take-private close</i>	Feb 2026
ServiceNow, Inc.	<i>Investor release, Armis acquisition</i>	Dec 2025
Company filings & financial press	<i>Event reporting on Wiz, Dayforce, Confluent, OneStream and Informatica (Reuters, Bloomberg, CNBC)</i>	2025-26

METHODOLOGY NOTES

Source Standard

Inputs are restricted to top-tier institutions: the major consultancies, elite data houses, and primary regulatory and filing sources. Boutique and market-report vendors are excluded.

Structural Adjustments

Comparable transactions are normalised for consideration mix, earn-out weighting and assumed liabilities to recover the economic value behind a headline figure.

Deal Data & the Transaction Index

Transaction analysis draws on a proprietary index of 55 verified and reported software and fintech deals (2019-2026), each graded for evidence quality, alongside the top-tier sources above.

Synthesis & Attribution

Figures labelled as firm analysis or estimate, including the Q1 2026 deal-value bar and the 2026 scenarios, are the firm's own synthesis of the cited institutional data, presented as a house view rather than third-party consensus.