

SaaS M&A Activity: Q2 2026

The SaaS M&A market enters the second quarter of 2026 in its most constructive condition since 2021, but the recovery is uneven. The defining feature is value without volume: buyers are paying more for fewer, larger transactions. Global enterprise SaaS M&A reached **\$83.7B** in the fourth quarter of 2025, up about 24% on the prior quarter, and PitchBook records 2025 as the strongest year for enterprise SaaS dealmaking since 2021. Yet S&P Global notes that, once the exceptional \$250B xAI transaction is excluded, first-quarter 2026 IT deal value fell 52.5% on the prior quarter, pressured by AI-disruption concerns and a constrained private credit market for large software buyouts.

Three forces are driving the deals that do happen. First, an AI capability race: CB Insights records AI-related deals up 47% year on year in the first quarter of 2026, and acquirers are buying production-grade capability rather than building it. Second, platform consolidation, as software platforms absorb adjacent point solutions while enterprise buyers cut vendor counts. Third, private capital pressure, with roughly **\$3.7T** of global private equity dry powder seeking deployment into profitable, mature software. The result is a barbell market: high-volume capability tuck-ins at one end, a thin band of transformational megadeals at the other, and a squeezed middle. For founders, the strategic sale has become the central exit route, and the lead time of a full process means preparation has to begin in the current planning cycle to meet the market while today's alignment of buyer demand and capital availability still holds.

How active was the SaaS M&A market entering Q2 2026?

Deal value is rising while deal count is flat to lower

Enterprise SaaS M&A deal value reached **\$83.7B** in the fourth quarter of 2025, up about 24% on the third quarter's roughly \$65B, according to PitchBook, which records 2025 as the strongest year for enterprise SaaS dealmaking since 2021. The momentum is concentrated in value rather than count. S&P Global Market Intelligence reports global M&A value of \$1.6T in the first quarter of 2026, up 50.6% year on year, but a single transaction, SpaceX's \$250B acquisition of xAI, accounted for close to 30% of that total. Stripping it out, first-quarter 2026 IT deal value fell 52.5% on the prior quarter, a reminder that headline growth is carried by a small number of very large deals. EY's M&A activity data for the three months to April 2026 confirms the pattern in technology specifically: technology sector deal value rose 27% year on year to about \$282.6B, on a more modest 11% rise in deal volume to 137 large deals. Transactions above \$100M rose 65% in value but only 17% in volume, and deals above \$5B saw value surge 149%. The market is paying up for scale and capability, not for a high cadence of small deals.

Table 1. Quarterly Enterprise SaaS M&A Deal Value

Period	Deal Value	Movement
Q3 2025	~\$65.0B	Reference quarter
Q4 2025	\$83.7B	Up ~24% on Q3 2025
Q1 2026E	~\$79.0B	Windsor Drake estimate

Source: PitchBook, Q3 and Q4 2025 Enterprise SaaS M&A Reviews; Windsor Drake analysis. Q1 2026 is a Windsor Drake estimate.

The barbell market is hollowing the middle

Activity is concentrating at the two ends of the size distribution. High-volume capability tuck-ins below \$100M anchor one end by count; a thin band of megadeals above \$10B anchors the other by value. PwC characterises 2026 as a K-shaped market that favours large, US-based, technology-led deals, and McKinsey describes a more strategic and selective dealmaking environment. The consequence is a squeezed middle: mid-sized assets in the \$100M to \$1B band face the thinnest buyer pool and the longest path to exit.

Table 2. Indicative SaaS M&A Deal-Size Distribution by Count

Size Band	Share of Deal Count	Character
Tuck-in, under \$100M	~64%	Capability and acqui-hire deals
Mid-market, \$100M to \$1B	~14%	The thinnest buyer pool
Large, \$1B to \$10B	~16%	Scale and platform deals
Megadeal, over \$10B	~6%	Carries most of the value

Source: Windsor Drake analysis, corroborated by PwC, Global M&A Trends in TMT: 2026 Outlook, and McKinsey & Company, 2026 M&A Trends.

Why are buyers transacting in SaaS right now?

The AI capability race

Artificial intelligence is the dominant driver of software dealmaking. CB Insights records AI-related deals up 47% year on year in the first quarter of 2026, and PwC's review of the 100 largest corporate transactions of 2025 found that about one-third cited AI as a strategic rationale. The internal build cycle for production-grade AI, agentic workflows and the data infrastructure beneath them is too slow to keep pace with the market, so acquirers are buying capability outright. McKinsey expects more capability-driven acquisitions across enterprise software, with the most active acquirers pursuing strategic control of data, access to AI models and computing efficiency.

Platform consolidation

Software platforms are absorbing adjacent point solutions. Security platforms are acquiring identity, exposure and detection layers; data platforms are acquiring streaming, integration and governance capability. The demand-side mirror of this trend is the enterprise buyer: with CIOs actively reducing vendor counts, breadth and a consolidated suite have become competitive defences, and acquirers are paying to capture budget and raise switching costs.

Private capital pressure

Roughly **\$3.7T** of global private equity dry powder is seeking deployment, according to McKinsey, and enterprise software remains the most coveted asset class for sponsors because of its recurring revenue, low capital intensity and pricing power. The take-private wave is the clearest expression of this pressure: Thoma Bravo's \$12.3B acquisition of Dayforce and Hg's \$6.4B acquisition of OneStream both closed in 2026. Aging 2020 to 2022 fund vintages add further pressure on sponsors to both deploy and exit.

A reopening market

The broad backdrop is the most constructive since 2021. Global M&A value reached \$1.6T in the first quarter of 2026, and the US IPO market posted its strongest first quarter in five years, with 22 traditional IPOs raising over \$9.4B through 31 March, per PitchBook. Rate stabilisation and reopened capital markets have lifted buyer confidence and helped buyer and seller price expectations converge, unlocking deal flow that had been stalled.

Which deals best illustrate the strategic logic of the market?

Four transactions capture the logic of the current SaaS M&A market: two are strategic capability acquisitions and two are private equity take-privates. Google's \$32B acquisition of Wiz, which closed in March 2026, is the largest pure software acquisition on record and an all-cash bet on AI-era cloud security. IBM's roughly \$11B acquisition of Confluent, announced in December 2025, secures real-time data-streaming capability for the AI stack. On the sponsor side, Thoma Bravo's \$12.3B take-private of Dayforce, the largest deal in its history, closed in February 2026, and Hg's roughly \$6.4B take-private of OneStream completed in April 2026. A fifth transaction, ServiceNow's \$7.75B agreement to acquire Armis announced in December 2025, is expected to close in the second half of 2026.

Table 3. Notable SaaS Transactions of the Cycle

Transaction	Value	Status	Strategic Rationale
Google / Wiz	\$32.0B	Closed Mar 2026	Capability buy: AI-era cloud security
Thoma Bravo / Dayforce	\$12.3B	Closed Feb 2026	Take-private of HCM software
IBM / Confluent	~\$11.0B	Announced Dec 2025	Capability buy: real-time data streaming
ServiceNow / Armis	\$7.75B	Expected H2 2026	Capability buy: cyber-exposure security
Hg / OneStream	~\$6.4B	Completed Apr 2026	Take-private of Office-of-CFO software

Source: Company announcements and SEC filings; PitchBook; CB Insights; financial press.

Where within SaaS is M&A activity concentrated?

Deal activity is uneven across software categories. Cybersecurity is the most acquisitive, led by platform-scale megadeals; data and AI software is led by capability buys feeding the AI stack; back-office software is led by sponsor take-privates; vertical SaaS is led by buy-and-build consolidation; and front-office software spans both strategic suite expansion and large take-privates. The transactions below, drawn from deals announced or closed between 2020 and 2026, give comparable context in each category.

Cybersecurity software

Cybersecurity carries a disproportionate share of total software M&A value. Buyers are assembling unified security platforms by acquiring identity, exposure-management and detection layers, and cloud adoption has made cloud-native security a strategic priority. Google's \$32B purchase of Wiz, Cisco's \$28B acquisition of Splunk and Palo Alto Networks' roughly \$25B agreement to acquire CyberArk show the scale the category now commands.

Data, analytics and AI software

Data and AI software M&A is a capability story. Acquirers are buying the streaming, integration, governance and model capability that production and agentic AI depend on, rather than broad analytics suites. IBM's roughly \$11B acquisition of Confluent and Salesforce's roughly \$8B agreement to acquire Informatica are the marquee examples; proprietary, governed data is treated as the durable moat.

HCM, finance and Office-of-CFO software

Back-office software is the clearest expression of sponsor demand. Its recurring revenue, low churn and pricing power support leverage, making it the prime private equity take-private target. Thoma Bravo's \$12.3B take-private of Dayforce and Hg's \$6.4B take-private of OneStream are the 2026 benchmarks, alongside the earlier \$10.7B Thoma Bravo take-private of Anaplan.

Vertical SaaS, DevOps and front-office software

Vertical SaaS generates a high deal count, anchored by private equity buy-and-build that consolidates fragmented industry software into platforms owning a vertical's system of record. DevOps and IT software M&A blends strategic tooling consolidation with steady take-private activity, as IBM's \$6.4B HashiCorp acquisition shows. Front-office software, from CRM to collaboration, is split between strategic suite builders and sponsors executing large take-privates of mature applications.

Table 4. Representative Transactions by SaaS Category

Category	Representative Transactions (Disclosed Value)
Cybersecurity	Google / Wiz \$32.0B (2026); Cisco / Splunk \$28.0B (2024); Palo Alto Networks / CyberArk \$25.0B (2025); ServiceNow / Armis \$7.75B (2026)
Data, Analytics & AI	IBM / Confluent \$11.0B (2025); Salesforce / Informatica \$8.0B (2025); ServiceNow / Moveworks \$2.85B (2025)
HCM & Office-of-CFO	Thoma Bravo / Dayforce \$12.3B (2026); Thoma Bravo / Anaplan \$10.7B (2022); Hg / OneStream \$6.4B (2026)
Vertical & Industry SaaS	Roper / Vertafore \$5.35B (2020); Vista / EngageSmart \$4.0B (2023); Bill.com / Divvy \$2.5B (2021)
DevOps, IT & Cloud	IBM / HashiCorp \$6.4B (2024); Kaseya / Datto \$6.2B (2022); Turn/River / SolarWinds \$4.4B (2025)
CRM & Front-Office	Salesforce / Slack \$27.7B (2021); Silver Lake / Qualtrics \$12.5B (2023); Vista & Blackstone / Smartsheet \$8.4B (2024); Permira / Squarespace \$7.2B (2024)

Source: Company announcements and SEC filings; PitchBook; CB Insights; Windsor Drake Transaction Index.

Who is buying SaaS assets, and what do they want?

Three buyer groups are competing for software assets, and the competition between them is the single most reliable lever on price for a well-prepared seller.

Strategic software platforms

Security, data and applications platforms are the most acquisitive group. Their motive is capability and spend consolidation: the build cycle for AI, security and data capability is too slow, so M&A has become a core capability strategy. They favour bolt-on acquisitions that consolidate adjacent spend, often after a partnership or integration that de-risks the technology.

Private equity

Sponsors are deploying record dry powder into take-privates of profitable, mature software and into buy-and-build consolidation of fragmented vertical categories. Their ideal target has a high recurring-revenue mix,

strong net revenue retention and efficient growth. S&P Global notes that a constrained private credit market is pressuring the very largest software buyouts, which favours sponsors with scale and certainty of funds.

Hyperscalers and cross-border acquirers

Cloud and platform incumbents are extending ecosystems and acquiring security, data and AI capability adjacent to their core, as Google's Wiz acquisition shows. In parallel, regional software champions in Europe and APAC are acquiring North American assets to secure dollar revenue, regulated footholds and deeper capital-market access.

How are SaaS transactions being structured?

All-cash consideration has returned as well-capitalised buyers prize certainty: Google / Wiz, Thoma Bravo / Dayforce and Hg / OneStream were all all-cash transactions. Stock still features where buyer and seller want aligned upside. Earn-outs remain standard for bridging valuation gaps on AI-focused or early-traction assets, with performance-linked tranches typically paid over 12 to 24 months. Strategic control premiums generally run 20 to 30% over standalone value, but the premium is paid only where cost and revenue synergies can be concretely underwritten; vague strategic fit no longer moves price. For larger transactions, structural regulatory remedies are increasingly designed in from the outset, and cross-border clearance runs 30 to 50% longer than a domestic deal.

What does the firm's transaction index show?

Windsor Drake maintains a proprietary index of 55 verified and reported software and fintech transactions spanning 2019 to 2026, refreshed each quarter and graded for evidence quality. Software-led categories, vertical SaaS, regulatory technology and capital-markets technology, account for 22 of the 55 tracked transactions. The index calibrates the firm's comparable-transaction analysis, which prioritises a quality-of-revenue filter, net revenue retention, gross-margin profile and customer-concentration risk, over broad category labels. The selected software-relevant comparable transactions below, all graded Verified, provide historical context for current pricing.

Table 5. Selected Comparable Transactions, Windsor Drake Transaction Index

Transaction	Year	Value	Category
ICE / Black Knight	2023	\$11.8B	Mortgage software
ICE / Ellie Mae	2020	\$11.0B	Mortgage origination software
Nasdaq / Adenza	2023	\$10.5B	Risk and regulatory software
Roper / Vertafore	2020	\$5.35B	Insurance vertical SaaS
Bill.com / Divvy	2021	\$2.5B	Spend-management SaaS
FactSet / CUSIP	2022	\$1.93B	Capital-markets data
Thomson Reuters / Pagero	2024	\$0.8B	Regulatory e-invoicing software

Source: Windsor Drake Transaction Index (all transactions graded Verified); company announcements and SEC filings.

What is the outlook for SaaS M&A through 2026?

With enterprise SaaS M&A value at \$83.7B in the fourth quarter of 2025, the 2026 trajectory turns on three variables: the path of interest rates, the health of the private credit market that underwrites large software buyouts, and the pace of AI capability buying. Windsor Drake frames three scenarios for a representative 2026 quarterly run-rate. These scenarios are the firm's own view, synthesised from PitchBook quarterly data and the S&P Global and EY outlooks, and are presented as a house view rather than third-party consensus.

Table 6. 2026 SaaS M&A Outlook Scenarios, Representative Quarterly Run-Rate

Scenario	Quarterly Value	Key Conditions
Bull case	~\$96B	Aggressive rate cuts, open private credit, accelerating AI capability buying
Base case	~\$82B	Steady rate normalisation, stable financing, value holds near Q4 2025
Bear case	~\$61B	Constrained private credit for software LBOs, AI-disruption concerns weigh

Source: Windsor Drake analysis; PitchBook quarterly data; S&P Global Market Intelligence and EY outlooks.

Across all three scenarios, the structural picture is a demand-led market: record dry powder and capability-driven demand are chasing a supply of quality SaaS assets that has not kept pace. That imbalance, together with process lead times of 12 to 18 months, means the current alignment of buyer demand, capital availability and reopened deal flow is a window with a defined shape rather than an open-ended condition.

What should SaaS founders do now?

The strategic sale has become the central exit route for venture-backed SaaS, ahead of the IPO for all but the largest and most profitable assets. Capturing a constructive market is a function of preparation, because a full process runs 12 to 18 months end to end. Founders who begin readiness work in the current planning cycle meet the market while today's conditions still hold; those who wait compress their options as competitive moats erode.

The readiness mandate

Financial hygiene. Complete an audit to institutional standard, and reconcile metrics so reported ARR and net revenue retention survive buyer scrutiny.

Capability narrative. Identify the precise capability gap the asset fills for each named acquirer, and evidence proprietary data and governed, production-grade AI.

Synergy case. Model revenue and cost synergies before the LOI stage and present them in the management presentation, anchoring price on underwritable numbers.

Risk and data room. Build a defensive virtual data room covering security, IP and customer-concentration risk, and model regulatory and antitrust timelines into the plan.

Run as a structured process with two or more credible buyers, preparation of this kind converts buyer scarcity of quality assets into genuine competitive tension, the most dependable lever on final price.

Sources

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- [CB Insights, State of Venture and M&A Data, Q1 2026](#)
- [Federal Reserve, FOMC Statement and Summary of Economic Projections](#)

Methodology Notes

Inputs are restricted to top-tier institutions. Transaction analysis draws on a proprietary index of 55 verified and reported software and fintech deals (2019 to 2026), each graded Verified, Reported or Estimated, alongside the sources above. Comparable transactions are normalised for consideration mix, earn-out weighting and assumed liabilities to recover the economic value behind a headline figure. Where current-quarter data is not yet published, the most recent available data is used and noted. Figures labelled as Windsor Drake analysis or estimate, including the Q1 2026 deal-value figure and the 2026 outlook scenarios, are the firm's own synthesis of the cited institutional data and are presented as a house view.