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SaaS M&A Activity: Q3 2026

AUGUST 2026

Windsor Drake · Market Intelligence · The Downside Split

Executive Summary: The Quarter in Four Boxes

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The Market Transacted

Software dealmaking continued straight through a repriced credit market.

- **Fifteen named software transactions** announced or completed between 1 July and 25 August 2026.
- Electronic Arts closed at **$210 per share** on 4 August, the largest software buyout on record.
- Autodesk completed **MaintainX** at $3.6 billion in cash on 3 August.
- Nielsen agreed **DoubleVerify** at $2.15 billion enterprise value on 6 August.

Price Fell, Premia Held

The reset happened in the base, not in the premium a buyer paid over it.

- Median EV to trailing revenue across 172 public software companies: **3.7x** in H1 2026, from 5.5x in 2025.
- Announced Q3 premia ran from **22%** at LivePerson to **34%** at Weave Communications.
- TruBridge cleared at an **87.5%** premium to its unaffected 30 March price.
- Buyers repriced the asset and then paid a full control premium on the new number.

Credit Set the Terms

Software borrowers now pay a visible penalty, and it shows up in deal structure.

- Software fell to **8.6%** of broadly syndicated loan issuance in 2026, from 17.6% in 2025.
- Direct lenders price software at **550 to 575 basis points** over SOFR, from 450 to 475 pre-February.
- About **45%** of leveraged loan debt trading below 80 cents is software.
- Electronic Arts funded at **7.250%** secured and **8.750%** unsecured.

The Downside Moved

The clearing variable in Q3 2026 was who carries the cost of failure.

- Every take-private examined waived any **financing condition** on the buyer's side.
- Reverse termination fees ran a median **2.00x** the company fee.
- Sellers took performance risk through deferred paper and buyer notes.
- Getty Images terminated **Shutterstock** on 7 July after eighteen months of regulatory risk.

Sources: SEC merger proxies, Form 8-K merger agreements and company announcements, July and August 2026. See appendix.

The Downside Split: The Framework for This Quarter

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What separates a software deal that clears from one that does not is the allocation of downside, not the multiple.

1. Closing Risk Sits With the Buyer

The buyer now posts the larger cheque against failure to close.

- Reverse fee **6.00% to 6.93%** of announced value across three Q3 take-privates.
- Company fee **2.79% to 3.50%** across the same three.
- Every one carries an equity commitment letter and a limited guarantee.
- Debt availability is expressly excluded as a closing condition.

2. Performance Risk Sits With the Seller

Where the buyer would not fund cash at close, the seller took paper.

- **Marchex** paid for Archenia entirely in 6% convertible notes over 24 months.
- **Clarivate** took $25 million deferred and a $75 million buyer note on a $600 million sale.
- **Skillsoft** took deferred consideration beginning nine months after closing.
- Consideration is being spread across time rather than argued down on price.

3. Speed Is the Cheapest Certainty

The fastest route to a clean split is to remove the gap entirely.

- **Domo** signed with Progress Software and obtained majority written consent on the same day.
- No stockholder meeting, no vote risk, no interloper window on the equity.
- **Autodesk** funded MaintainX from a $2.0 billion commercial paper programme.
- Balance-sheet buyers convert financing risk into a treasury decision.

4. An Unsplit Downside Kills the Deal

The quarter's clearest evidence is the transaction that failed.

- **Getty Images and Shutterstock** signed on 6 January 2025.
- Getty terminated on **7 July 2026** rather than accept a required divestiture.
- Eighteen months of regulatory exposure sat with the parties, unpriced.
- Regulatory downside that no one has agreed to carry is the deal killer.

Sources: SEC merger proxies, Form 8-K merger agreements and company announcements, July and August 2026. See appendix.

Key Founder Takeaways: Q3 2026

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1. Negotiate the Split, Not Just the Price

The Q3 2026 record shows buyers conceding six to seven per cent of deal value as a reverse termination fee while sellers concede three. That gap is the seller's real leverage point and it is negotiated after the price is agreed.

- Price the reverse fee as a percentage of value before signing.
- Insist the fee is guaranteed by a named fund, not the acquisition vehicle.

2. Expect the Bid to Fall in Diligence

TruBridge opened with indications at $30.00 per share and signed at $26.25, a 12.5% erosion between first-round interest and definitive agreement.

- Resolve the diligence items that move price before going to market.
- Model the process on the signing price, never the indication.

3. Structure Bridges What Price Cannot

Seller notes, deferred tranches and convertible paper appeared across the quarter, from a $75 million buyer note at Clarivate to consideration paid entirely in convertible notes at Marchex.

- Decide in advance how much value you will carry past closing.
- Secure the deferred piece; unsecured seller paper prices at a discount.

4. Wide Outreach Still Produces Few Bidders

Boards contacted 23, 59 and 66 counterparties in the three processes disclosed this quarter and drew four, four and one credible bids respectively. Breadth of outreach no longer converts to competitive tension on its own.

- Build a buyer list around demonstrated appetite, not sector fit.
- Treat two funded bidders as a strong field, not a weak one.

5. Financing Conditions Are Gone

No Q3 2026 take-private examined here permits the buyer to walk because debt did not arrive. Equity commitment letters are sized to fund the entire price on their own.

- Require an equity commitment covering the full consideration.
- Check the limited guarantee names the fund, and read its cap.

6. The Repricing Has Already Happened

Public software multiples reset from 5.5x to 3.7x trailing revenue and buyers transacted anyway, at premia of 22 to 87 per cent over the repriced base.

- Benchmark against 2026 comparables, not a 2021 memory.
- A live buyer pool is worth more than a forecast recovery.

Source: Windsor Drake analysis of SEC filings, July and August 2026.

Founder FAQs: The Q3 2026 SaaS M&A Market

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The questions founders ask most, answered against the Q3 2026 transaction record.

Q1 Is anyone actually buying SaaS companies right now?

Yes. Fifteen named software transactions were announced or completed between 1 July and 25 August 2026, including a $3.6 billion strategic acquisition, a $2.15 billion take-out and three sponsor take-privates. The buyer set changed shape rather than disappearing.

Q2 What decides whether a software deal closes in this market?

The allocation of downside, not the multiple. In every 2026 take-private examined here the buyer waived any financing condition and posted a reverse termination fee at a median **2.00x** the fee the seller would pay to walk. Buyers are paying for certainty with their own balance sheet.

Q3 How much do reverse break fees actually run?

Between **6.00% and 6.93%** of announced transaction value across the Q3 2026 take-privates, against **2.79% to 3.50%** for the company fee. DoubleVerify carries $144 million against $60 million; Weave $39.0 million against $22.8 million; Simulations Plus $26 million against $13 million.

Q4 Why is software debt so expensive right now?

Software fell to **8.6%** of broadly syndicated loan issuance in 2026 to date from 17.6% in 2025, and direct lenders now price software credits at 550 to 575 basis points over SOFR against 450 to 475 before February (PitchBook LCD). Electronic Arts funded its buyout at 7.250% secured and 8.750% unsecured.

Q5 What does a competitive process look like now?

Wide outreach and a narrow field. TruBridge's board contacted **59** parties and cleared at $26.25 after opening indications of $30.00. Simulations Plus contacted **23** and took four first-round bids. LivePerson contacted **66**, signed 17 confidentiality agreements and received one offer.

Q6 Are buyers still paying premiums?

Yes, and wide ones. Q3 2026 announced premia run from **22%** at LivePerson to **34%** at Weave, with DoubleVerify at 30% to the 60-day volume weighted average price and TruBridge at 87.5% to its unaffected price. The premium is measured against a repriced base.

Q7 Should a founder wait for multiples to recover?

The public reset already happened: median EV to trailing revenue across 172 public software companies stands at **3.7x** for the first half of 2026 against 5.5x in 2025 (J.P. Morgan). Buyers transacted through it. Waiting exchanges a live buyer pool for a forecast.

The Q3 2026 Software Transaction Record

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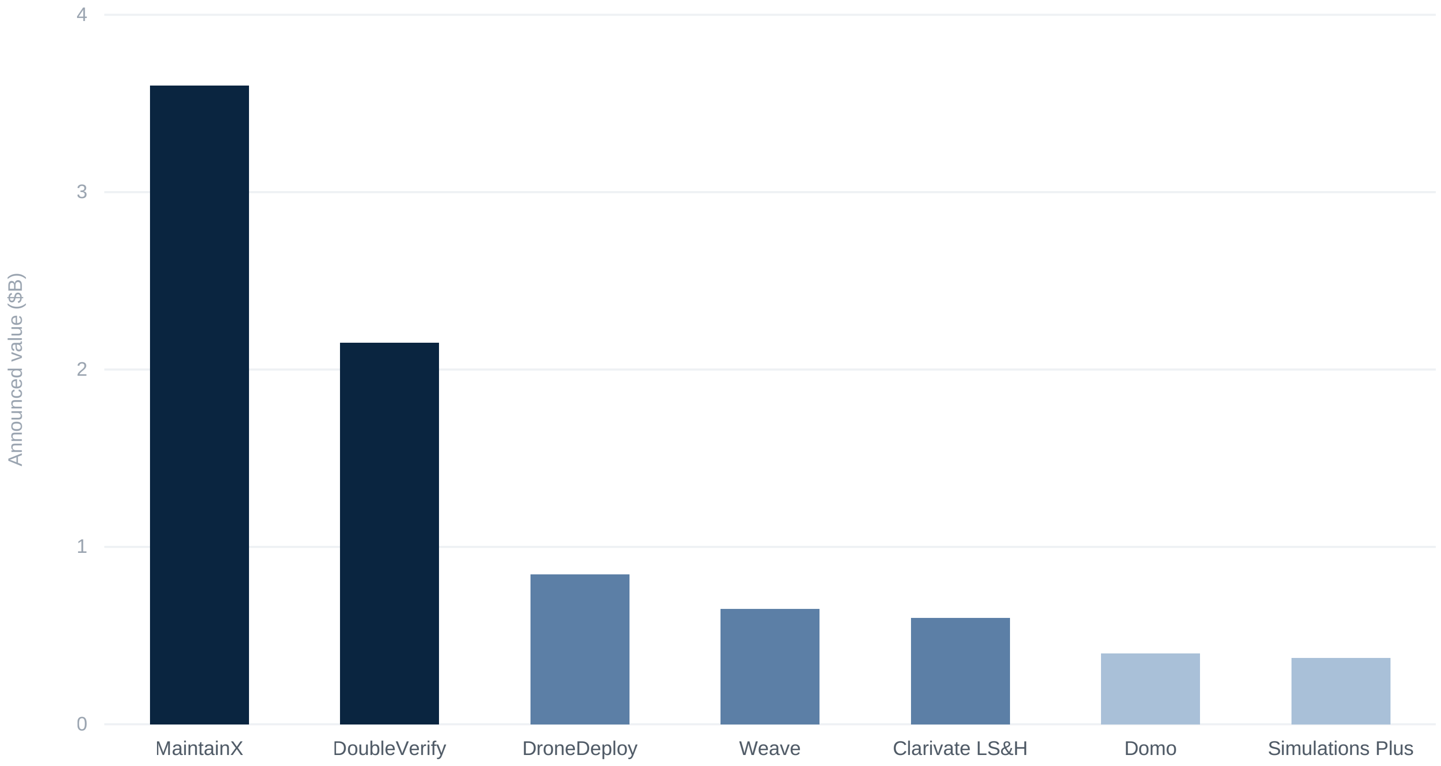
Fifteen named transactions announced or completed between 1 July and 25 August 2026, sorted by the largest published consideration.

Announced Value, Q3 2026 Software Deals Other Than Electronic Arts ($B)



NAMED TRANSACTIONS

15

Announced or completed between 1 July and 25 August 2026.

MERGER PROXIES FILED

3

LivePerson, Simulations Plus and TruBridge filed definitive merger proxies in the period.

LARGEST CLOSING

$210/sh

Electronic Arts closed to a PIF, Silver Lake and Affinity Partners consortium on 4 August 2026.

A working market: seven transactions carried published consideration between $375 million and $3.6 billion, spanning strategic acquisitions, divisional carve-outs and sponsor take-privates. They are charted on their own scale because the Electronic Arts buyout, which closed on 4 August at $210 per share, is an order of magnitude larger than anything else the quarter produced.

Key Driver

Buyers with balance sheets and buyers with committed equity both transacted. What they had in common was a structure that removed financing uncertainty from the seller.

Sources: SEC merger proxies, Form 8-K merger agreements and company announcements, July and August 2026. See appendix.

The Downside Split Ledger

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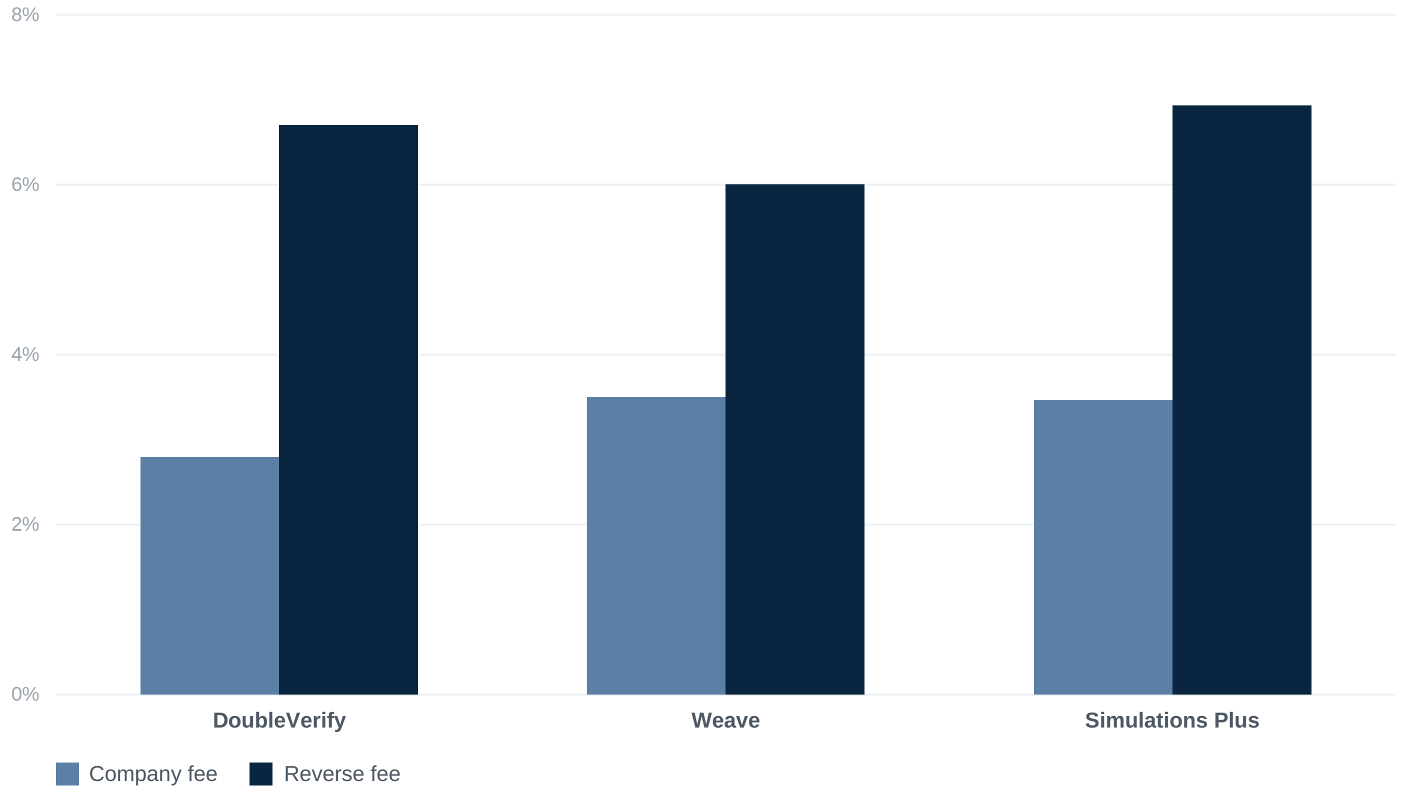
Termination fees as a percentage of announced transaction value across the quarter's take-privates.

Termination Fees as a Share of Announced Value (%)



MEDIAN REVERSE FEE

6.70%

Of announced value. Range 6.00% to 6.93% across the three constituents.

MEDIAN COMPANY FEE

3.47%

Of announced value. Range 2.79% to 3.50%.

MEDIAN RATIO

2.00x

Reverse fee to company fee. Range 1.71x to 2.40x.

The buyer posts more: across three constituents the reverse termination fee runs a median **6.70%** of announced value against **3.47%** for the company fee, a median ratio of **2.00x**. In each case the reverse fee is backed by a limited guarantee from a named fund and the buyer's financing is excluded as a closing condition.

What It Means

A board asking what a buyer will concede has a benchmark: roughly twice the seller's own walk-away cost, guaranteed by the fund rather than the shell.

Sources: DoubleVerify Form 8-K, 10 August 2026; Weave Communications Form 8-K, 19 August 2026; Simulations Plus DEFM14A, 22 July 2026. See appendix.

The Largest Transactions of the Quarter

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Four transactions that set the terms of trade for every software seller behind them.

Electronic Arts, closed 4 August

$210 per share to a PIF, Silver Lake and Affinity Partners consortium.

- Signed 28 September 2025; all regulatory approvals obtained by 30 July 2026.
- Funded with a **$6,125 million** first lien term loan B plus a €1,725 million tranche.
- A **$3,250 million** term loan A and a $500 million revolver completed the bank package.
- Notes priced at **7.250%** secured, 6.250% in euros and **8.750%** unsecured.
- The largest software leveraged buyout on record by transaction value.

Autodesk and MaintainX, closed 3 August

$3.6 billion all-cash, the quarter's largest strategic software acquisition.

- Merger agreement signed 28 May 2026 and completed inside ten weeks.
- Partly financed from a **$2.0 billion** unsecured commercial paper programme.
- The programme was established 13 July 2026 and backstopped by a $2.0 billion revolver.
- A balance-sheet buyer converting acquisition financing into a treasury function.
- MaintainX extends Autodesk from design and construction into building operations.

Nielsen and DoubleVerify, announced 6 August

$13.60 per share, approximately **$2.15 billion** enterprise value.

- A **30%** premium to the 60-trading-day volume weighted average price to 5 August.
- Elliott affiliates committed **$200 million** of equity to the acquisition vehicle.
- Debt financing sources committed approximately **$1,800 million**.
- Company fee $60 million; reverse fee **$144 million**, a 2.40x split.
- Outside date 6 May 2027, extending automatically to 6 August 2027 on regulatory conditions.

Procore and DroneDeploy, announced 27 July

Approximately **$845.0 million** in cash for cloud control software.

- A listed SaaS platform buying an adjacent robotics and mapping software company.
- Cash consideration adjusted for working capital, cash and indebtedness.
- A separate retention pool of equity awards sits alongside the purchase price.
- Completion anticipated by the end of 2026, subject to regulatory clearance.
- Procore already owns the construction system of record the target feeds.

Sources: SEC merger proxies, Form 8-K merger agreements and company announcements, July and August 2026. See appendix.

What a Competitive Process Produced

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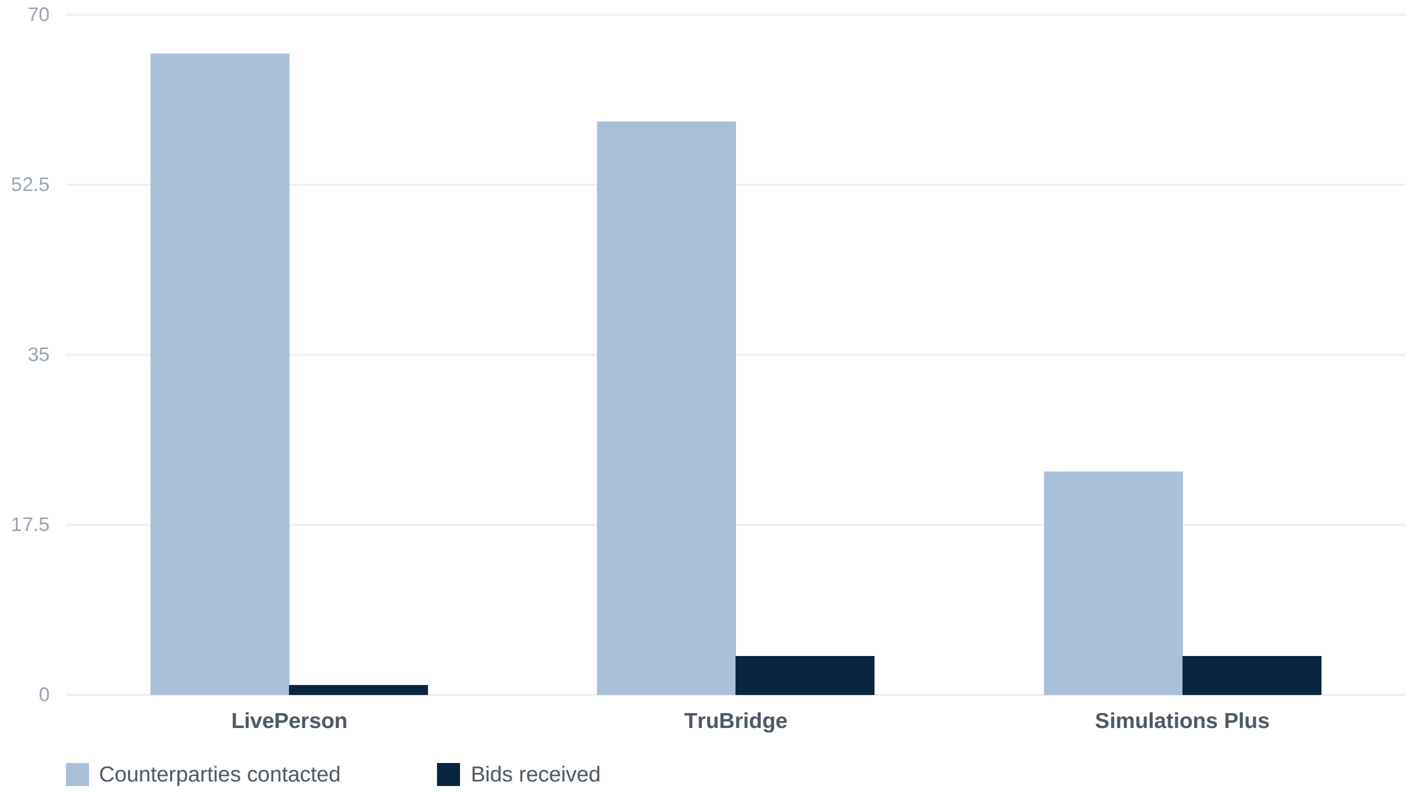
Three boards published their outreach in full this quarter. Breadth of contact and depth of bidding are no longer the same thing.

Counterparties Contacted vs Credible Bids Received



LIVEPERSON

66 / 1

66 counterparties contacted, 17 confidentiality agreements, one offer received.

TRUBRIDGE

59 / 4

23 strategic and 36 financial buyers contacted; indications opened at $30.00 and signed at $26.25.

SIMULATIONS PLUS

23 / 4

Four first-round bids; the winning price rose from $18.00 to $18.50 in negotiation.

Key Observation

A board that runs a broad auction and receives two funded bids has run a successful process by the standard this quarter set.

Wide outreach, narrow fields: LivePerson's board contacted 66 counterparties and signed 17 confidentiality agreements before receiving a single offer. TruBridge contacted 23 strategic and 36 financial buyers. Simulations Plus contacted 23 targeted parties, took four first-round bids and advanced four to a second round.

Sources: LivePerson DEFM14A, 9 July 2026; TruBridge DEFM14A, 4 June 2026; Simulations Plus DEFM14A, 22 July 2026.

How Q3 2026 Software Deals Were Structured

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Four structural devices carried the quarter, each of them a way of splitting downside rather than arguing over price.

Committed Equity

TAKE-PRIVATES

The sponsor funds the whole price on its own

- Weave's equity commitment letter funds the full consideration whether or not debt arrives.
- Francisco Partners VII, L.P. stands behind the reverse fee through a limited guarantee.
- Elliott affiliates committed $200 million alongside $1,800 million of debt at DoubleVerify.
- Altaris funds guarantee the $26 million reverse fee at Simulations Plus.
- **Effect:** the seller stops underwriting the buyer's lenders.

Seller Paper

CARVE-OUTS

Consideration spread across time

- Clarivate's $600 million sale to Altaris carries $500 million cash, $25 million deferred and a $75 million buyer note.
- Marchex acquired Archenia for $10 million of 6% convertible notes in three tranches.
- Skillsoft's Global Knowledge sale defers consideration to nine months after closing.
- Health Catalyst applied VitalWare proceeds to repay $122.8 million of term debt.
- **Effect:** the seller takes performance risk in exchange for a cleared transaction.

Same-Day Consent

SPEED

Removing the vote from the risk register

- Domo signed with Progress Software on 22 July 2026 for approximately $400 million.
- Majority stockholders executed a written consent the same day.
- No further stockholder approval is required for the transaction.
- The transaction excludes Domo's net operating loss carryforwards from the assets sold.
- **Effect:** the interloper window on the equity closes at signing.

Balance-Sheet Funding

STRATEGICS

Acquisition debt becomes a treasury line

- Autodesk established a $2.0 billion commercial paper programme on 13 July 2026.
- The programme is backstopped by an existing $2.0 billion revolving facility.
- MaintainX completed on 3 August 2026, roughly ten weeks after signing.
- Procore is funding DroneDeploy in cash from its own resources on the same logic.
- **Effect:** a strategic buyer prices certainty below what a sponsor can.

Sources: SEC merger proxies, Form 8-K merger agreements and company announcements, July and August 2026. See appendix.

Software Credit: What the Downside Costs

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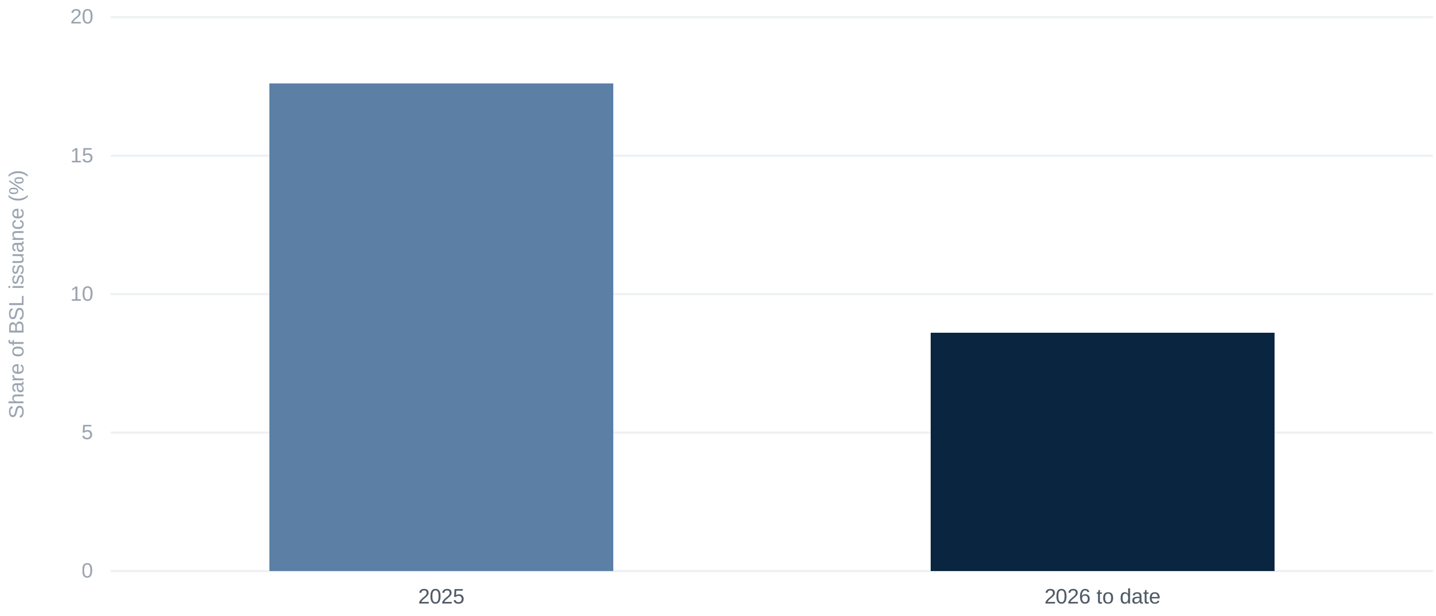
The price of a software borrower's risk is set in the loan market, and in 2026 that market marked software separately from everything else.

Software Share of Broadly Syndicated Loan Issuance (%)



Credit Conditions

A Marked Sector

Application software loans total **$147 billion** outstanding at an average bid of 87.75 as of 28 July 2026, down 9% year to date, with 46% rated B- and 11% CCC (PitchBook LCD, 5 August 2026).

Priced Apart

Around **45%** of leveraged loan debt trading below 80 cents is software, against a 12.2% weight in the loan index (PitchBook LCD, 28 July 2026).

Direct Lending Repriced

Direct lenders price software credits at **550 to 575 basis points** over SOFR, against 450 to 475 before February 2026 (PitchBook LCD, 7 April 2026).

A Benign Index Around It

The overall US leveraged loan default rate was **0.93%** by amount at 31 July 2026, so this is a sector spread rather than a market-wide stress (PitchBook LCD, 7 August 2026).

WHY IT MATTERS TO A SELLER

A sponsor whose debt costs 125 basis points more than it did in January must recover the difference somewhere. In Q3 2026 it came out of structure and timetable rather than headline price.

Sources: Federal Reserve; Bank for International Settlements; PitchBook LCD; S&P Global Market Intelligence. See appendix.

The Base the Premium Is Paid Over

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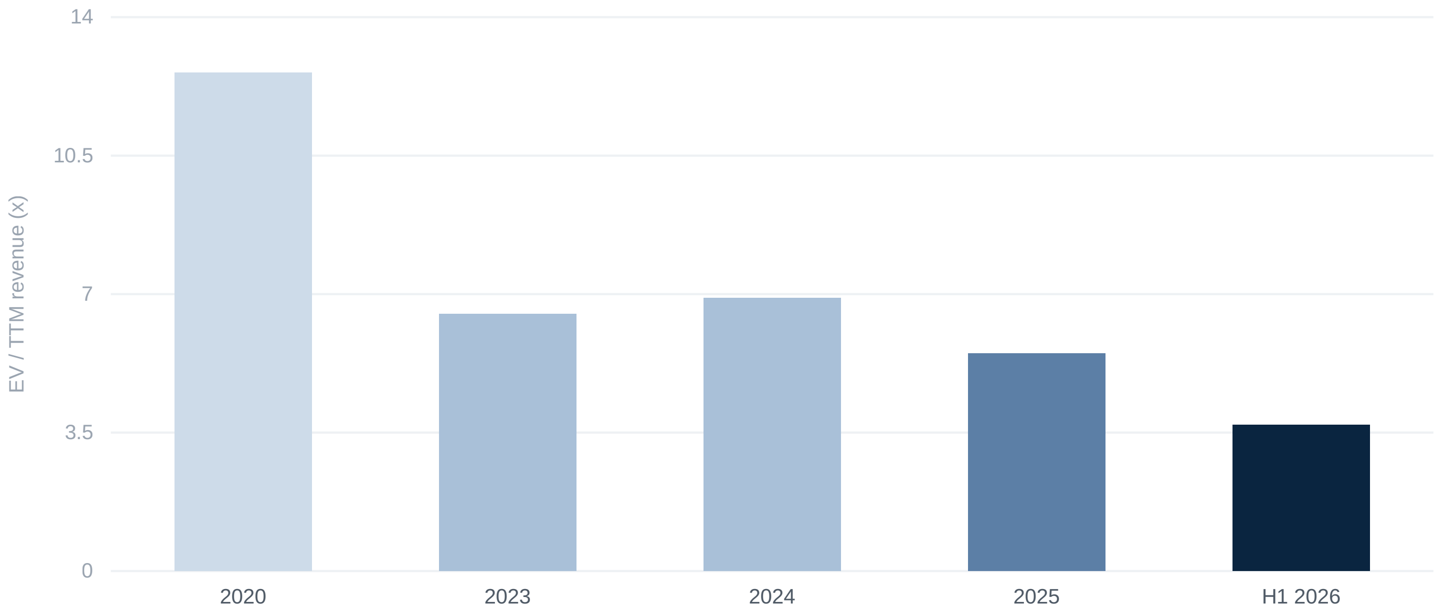
Public software multiples reset through the first half of 2026 while the underlying businesses improved.

Median EV / Trailing Revenue, 172 Public Software Companies



WHY IT MATTERS

A seller benchmarking to a 2021 multiple is negotiating against a number no buyer will underwrite. The Q3 premia of 22 to 87 per cent were paid over the 2026 base, and they were paid in cash.

What Moved

Multiples Down, Margins Up

Across the same 172 companies, median trailing revenue growth is **13%**, EBITDA margin **25%** and free cash flow margin **22%** in H1 2026 (J.P. Morgan, 20 August 2026).

A Two-Tier Market

Infrastructure software trades at a median **8.2x** trailing revenue against **3.3x** for application software, a gap of roughly two and a half times (J.P. Morgan, 20 August 2026).

What the Price Implies

At peak, software valuations implied medium-term revenue growth of 15 to 20%; current multiples correspond to an expected **5 to 10%** (Goldman Sachs, 18 February 2026).

The Index Round Trip

The BVP Nasdaq Emerging Cloud Index closed 2025 at **1,689.21**, bottomed at 1,163.85 on 10 April 2026 and closed at **1,955.01** on 24 August 2026 (Nasdaq, via FRED).

Sources: J.P. Morgan; Goldman Sachs; Gartner; IDC; Nasdaq. See appendix.

Multiples Observed in the Period

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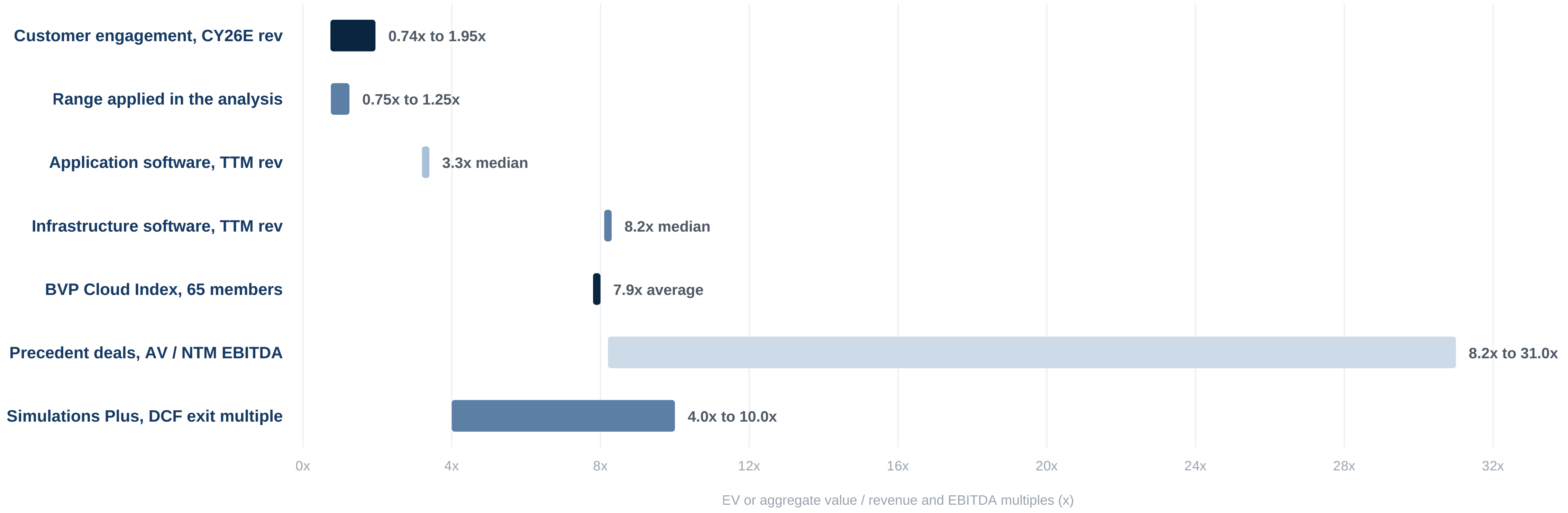
The comparable ranges disclosed inside this quarter's merger proxies, taken from the fairness analyses filed with each transaction.



READING THE SPREAD

The customer engagement set filed with the LivePerson proxy carried a **1.10x** median of forward revenue across eight named constituents: Bandwidth, Five9, LINK Mobility, NICE, RingCentral, Sangoma, Sprinklr and 8x8. That sits against **3.3x** for application software generally and **7.9x** across the 65 BVP Cloud Index constituents. The Simulations Plus precedent analysis applied aggregate value to next-twelve-month adjusted EBITDA of **8.2x to 31.0x**, an implied $13.20 to $42.00 per share against an agreed $18.50. Sub-segment placement, not the sector label, sets the starting multiple.

Sources: LivePerson DEFM14A, 9 July 2026; J.P. Morgan, 20 August 2026; Bessemer Venture Partners BVP Cloud Index, 25 August 2026. See appendix.

Who Bought Software in Q3 2026

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Appetite by buyer type across the software sub-segments that transacted in the quarter.

Sub-segment	Strategic software	Financial sponsors	Sponsor-backed platforms
Vertical SaaS	**MODERATE** Procore acquired DroneDeploy at $845.0 million on 27 July.	**HIGH** Francisco Partners took Weave private at $650 million on 18 August.	**MODERATE** Inventurus Knowledge Solutions completed TruBridge on 9 July.
Data and analytics	**HIGH** Progress Software acquired the Domo platform at about $400 million.	**MODERATE** Selective, and concentrated in carve-outs from listed sellers.	**HIGH** Nielsen agreed DoubleVerify at $2.15 billion enterprise value.
Design and operations	**HIGH** Autodesk completed MaintainX at $3.6 billion in cash on 3 August.	**LOW** Sponsors were outbid on scaled assets by balance-sheet buyers.	**LOW** Limited platform activity at this scale in the quarter.
Life sciences software	**LOW** Strategics were absent from the quarter's two largest processes.	**HIGH** Altaris agreed Simulations Plus at $375 million and Clarivate's unit at $600 million.	**MODERATE** Platform consolidation follows the sponsor entry rather than leading it.
Customer engagement	**HIGH** SoundHound AI agreed LivePerson; the only offer from 66 approaches.	**LOW** Sponsors declined the leveraged capital structures in this segment.	**LOW** Debt quantum foreclosed the sponsor route on these assets.
Interactive and media	**MODERATE** Consolidation paused while the largest asset in the segment changed hands.	**HIGH** PIF, Silver Lake and Affinity Partners closed Electronic Arts on 4 August.	**MODERATE** Getty Images terminated Shutterstock on 7 July after CMA conditions.

Private Equity and Sponsor Activity

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Sponsors did not leave software. They changed the shape of what they buy and how they pay for it.

Platforms Down, Add-Ons Up

Platform transactions fell to **41%** of private equity deal value in software, the lowest share in at least a decade and a 30 percentage point fall on the prior year. Add-ons expanded to about **45%** of total software deal value, roughly $18 billion (PitchBook, 25 June 2026).

A Narrow Top End

Only **seven** software platform transactions cleared $100 million in 2026 to that date. Three of the quarter's take-privates, at $2.15 billion, $650 million and $375 million, sit above that line.

Leverage Is the Constraint

The median private credit borrower carries **5.0x** debt to EBITDA at a 500 basis point spread with 2.2x interest coverage, against 3.2x at 400 basis points in the syndicated market (Federal Reserve, 11 August 2026). Private credit loans outstanding to SaaS firms reached over **$500 billion**, 19% of total direct loans, by end-2025 (Bank for International Settlements).

41%
PLATFORM SHARE OF VALUE

45%
ADD-ON SHARE OF VALUE

The Add-On Engine

Add-on acquisitions were **41%** of US software private equity acquisition count in the first half of 2026, against 33% in 2016 (J.P. Morgan, 20 August 2026).

The Repeat Buyer

Altaris agreed two software transactions in five weeks: Clarivate's Life Sciences and Healthcare business on 3 July and Simulations Plus at $375 million. A sponsor building a vertical buys twice.

Sponsor-Backed Strategics

Nielsen, itself sponsor-owned, acquired DoubleVerify with $200 million of committed sponsor equity. The buyer list no longer divides cleanly into strategic and financial columns.

Exit Pressure Is Real

M&A accounted for **70%** and buyouts 28% of US non-AI software exits in the first half of 2026, and US venture-backed acquisition exit value reached $375.4 billion year to date, a decade high (J.P. Morgan; PitchBook-NVCA).

Sources: PitchBook, 25 June 2026; J.P. Morgan, 20 August 2026; PitchBook-NVCA Venture Monitor Q2 2026. See appendix.

What Buyers Paid For This Quarter

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Four acquisition theses account for every transaction of scale in the period.

Workflow Adjacency

STRATEGIC

Extending an owned system of record

- Autodesk paid $3.6 billion for MaintainX to reach building operations after handover.
- Procore paid about $845.0 million for DroneDeploy to add site capture to construction workflow.
- Both buyers already own the vertical's system of record.
- **Signal:** position as the next workflow the incumbent must own.

Measurement and Trust

PLATFORM

Verified data as the scarce asset

- Nielsen agreed DoubleVerify at $2.15 billion enterprise value to pair measurement with verification.
- The stated logic is a single currency scoring both audience delivery and media quality.
- Progress Software acquired the Domo analytics and AI platform for about $400 million.
- **Signal:** proprietary, accredited data outprices feature breadth.

Vertical Depth

SPONSOR

Regulated niches with switching costs

- Francisco Partners took Weave private at $650 million across more than 40,000 healthcare locations.
- Altaris agreed Simulations Plus at $375 million and Clarivate's life sciences unit at $600 million.
- Both theses rest on regulated workflow that is slow to displace.
- **Signal:** density inside one vertical beats presence across several.

Capability Absorption

CONSOLIDATION

Buying the asset out of the capital structure

- SoundHound AI agreed LivePerson at approximately $3.33 per share against $367.8 million of debt.
- Health Catalyst divested VitalWare and repaid $122.8 million of term loan and $37.1 million of delayed draw.
- Skillsoft sold Global Knowledge for initial consideration of about $5.4 million plus deferred.
- **Signal:** a levered balance sheet sets the timetable, not the board.

Sources: SEC merger proxies, Form 8-K merger agreements and company announcements, July and August 2026. See appendix.

The Demand Picture Behind the Multiple

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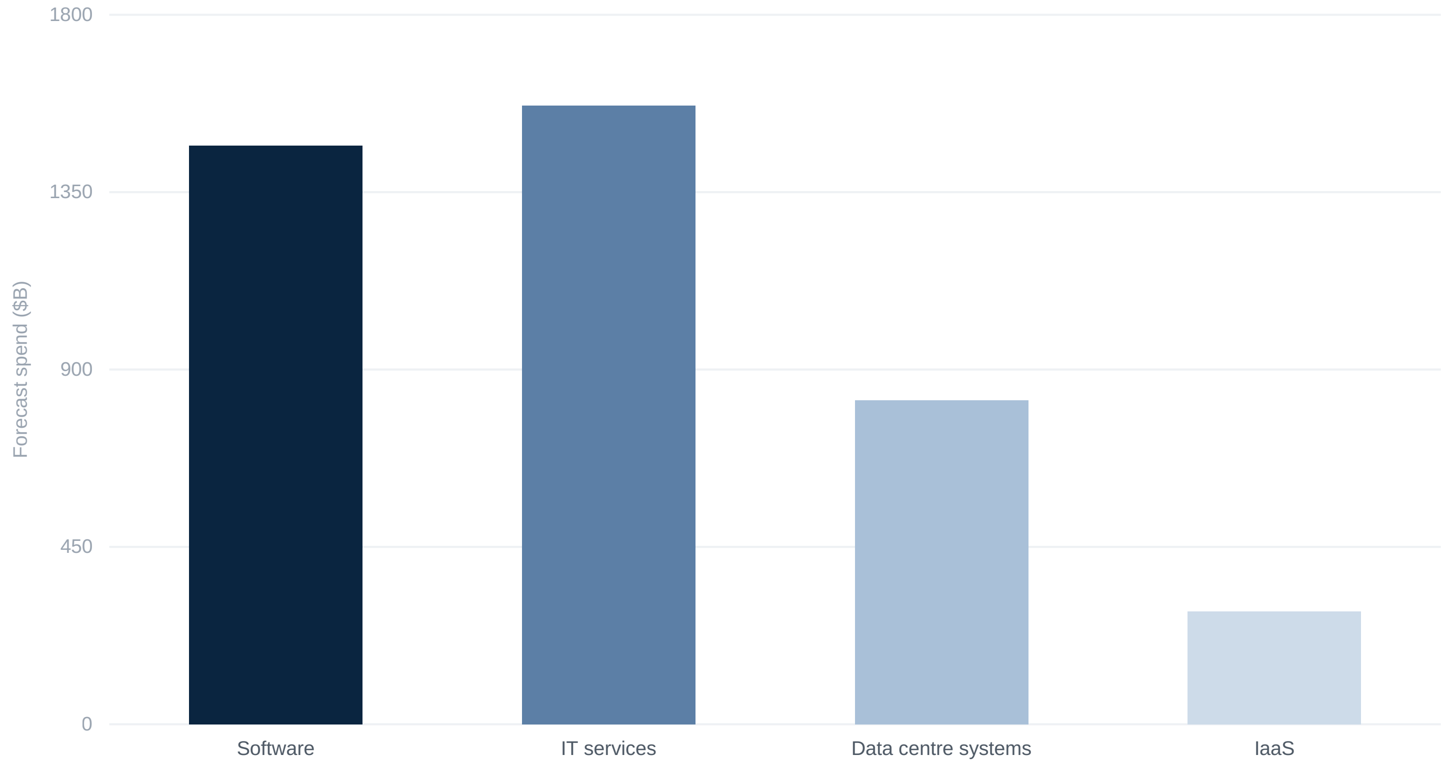
Software spending is growing at a mid-teens rate while the market prices a single-digit outcome.

Worldwide Software Spending Forecast, 2026 ($B)



SOFTWARE SPEND, 2026

$1,468B

Up 15.5% year on year, the fastest-growing large IT category after data centre systems (Gartner, 27 July 2026).

AGENTIC EXPOSURE

$234B

Of enterprise application software spend is exposed to agentic substitution by 2030, 20% of the category (Gartner, 1 July 2026).

RETENTION PRESSURE

89% to 102%

Net revenue retention at ZoomInfo and BlackLine as of 30 June 2026, from their Form 10-Q filings.

> **Growth is not the problem:** Gartner forecasts worldwide software spending of **$1,468 billion** in 2026, up 15.5%, inside total IT spending of $6.37 trillion, up 14.2%. IDC expects global public cloud spending to pass $1 trillion in 2026, up 21%, with SaaS more than half of the total.

The Live Argument

The market is pricing which side of the agentic question a given asset sits on. Buyers in Q3 2026 paid full premia for platforms that own a workflow and a data set, and repriced those that sell seats.

Sources: Gartner; IDC; ZoomInfo and BlackLine Form 10-Q, period ended 30 June 2026. See appendix.

Capital Markets and Financing Conditions

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Four conditions that determine what a software buyer can pay and how fast it can move.

Policy Held Still

The rate backdrop was static through the whole period.

- The federal funds target range stayed at **3.50% to 3.75%** at the 29 July 2026 meeting.
- The range was unchanged on every business day of 2026 to 25 August.
- The last move was a 25 basis point cut in December 2025.
- Buyers are underwriting a known cost of money, not a falling one.

The Loan Market Split

A benign index with one badly marked sector inside it.

- US leveraged loan default rate **0.93%** by amount at 31 July 2026.
- Distress ratio 6.89%, with software 13% of liability management exercises over twelve months.
- B- new-issue spreads at SOFR plus **411 basis points**, 57 wider than Q4 2025.
- About $80 billion of software debt matures in 2026 and about $386 billion in 2028 and 2029.

The IPO Alternative

The listing window reopened, but not evenly for software.

- **105** US IPOs priced in 2026 to 25 August, raising $145.8 billion (Renaissance Capital).
- Proceeds rose 543.3% on the prior year while the count fell 24.5%.
- Bending Spoons, a software acquirer, priced at **$29** above range, raising $1.7 billion.
- Scale and profitability, not growth alone, are what the window is open to.

Equity Is the Certainty

Where debt is dear, committed equity is what closes the deal.

- Weave's equity commitment funds the full price regardless of any debt financing.
- DoubleVerify pairs $200 million of committed equity with $1,800 million of committed debt.
- Both carry a limited guarantee naming the fund behind the reverse fee.
- Autodesk sidestepped the question with a $2.0 billion commercial paper programme.

Sources: Federal Reserve; PitchBook LCD; S&P Global Market Intelligence; Renaissance Capital; SEC filings. See appendix.

Timing the Exit: A 12 to 18 Month Roadmap

WINDSOR DRAKE

The Q3 2026 processes ran nine to eighteen months from first outreach to signing. Founders who prepare in the current cycle meet a buyer pool that is transacting today at full premia over a repriced base.

Readiness
Q4 2026

- Complete an audit to institutional standard
- Analyse retention and seat expansion by cohort
- Review debt maturities, covenants and prepayment terms
- Scan IP, open source and AI training-data rights

KEY MILESTONE
Clean diligence file

Positioning
Q1 2027

- Map the asset to the declared gaps of named acquirers
- Model each buyer's financing capacity at current spreads
- Draft the memorandum and the management case
- Set the acceptable downside split before first contact

KEY MILESTONE
Term expectations set

Engagement
Q2 2027

- Targeted outreach to buyers with demonstrated appetite
- Solicit and calibrate indications of interest
- Management presentations and data room opening
- Test equity commitments before granting exclusivity

KEY MILESTONE
Two funded bidders

Execution
Q3 2027

- Negotiate the price, then negotiate the split
- Fix the reverse fee, the guarantee and the outside date
- Agree the regulatory filing and remedy plan
- Complete confirmatory diligence and sign

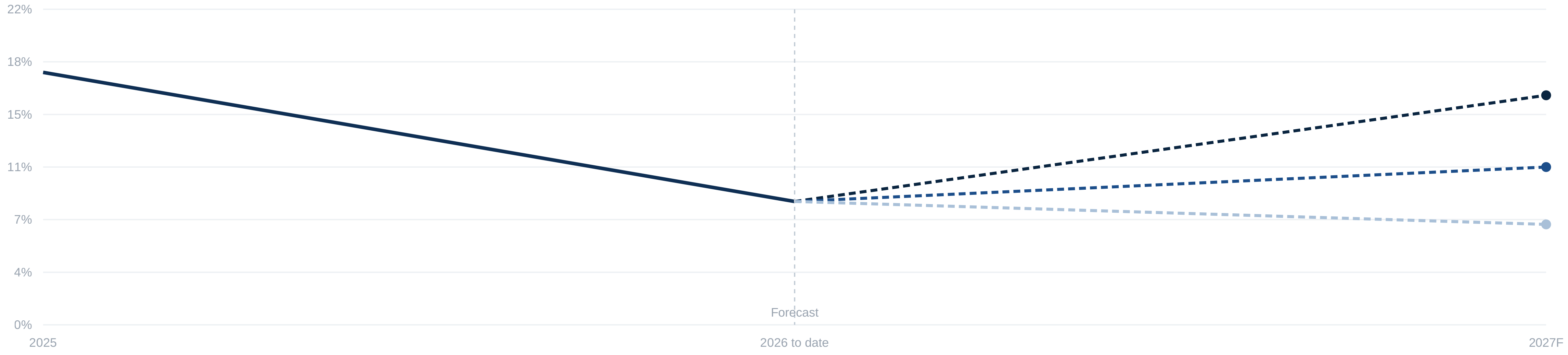
KEY MILESTONE
Guaranteed reverse fee

Source: Windsor Drake advisory methodology; Q3 2026 SEC filings.

Software M&A Outlook Scenarios

WINDSOR DRAKE

With software at 8.6% of syndicated loan issuance and public multiples at 3.7x trailing revenue, the path from here turns on the loan market, the maturity wall and the agentic argument.



BULL CASE ~16%

Key Drivers

- Software loan bids recover and the sector reopens to syndication
- Agentic substitution proves additive to software budgets
- Sponsor platform activity returns to the top end

IMPLICATION: A SELLER'S MARKET RETURNS

BASE CASE ~11%

Key Drivers

- Direct lending carries software while spreads stay wide
- Add-ons and carve-outs continue to lead by count
- Strategics with balance sheets outbid sponsors on scale

IMPLICATION: STRUCTURE DECIDES OUTCOMES

BEAR CASE ~7%

Key Drivers

- The 2028 and 2029 maturity wall pulls forward into pricing
- Seat-based models reprice further on agentic substitution
- Sponsors hold assets rather than clear them at the bid

IMPLICATION: A BUYER'S MARKET

Source: Windsor Drake analysis of PitchBook LCD issuance data; scenarios are the firm's own view. See appendix.

Case Study: Nielsen and DoubleVerify

WINDSOR DRAKE

The quarter's clearest expression of the downside split, priced in a single merger agreement.

The Transaction

On **6 August 2026** Nielsen agreed to acquire DoubleVerify at **$13.60 per share**, an enterprise value of approximately **$2.15 billion**, a **30%** premium to the 60-trading-day volume weighted average price to 5 August. The buying entity, Neptune BidCo US Inc., is the Nielsen holding structure.

How the Downside Was Split

- **Equity:** Elliott affiliates committed **$200 million** to the acquisition vehicle.
- **Debt:** financing sources committed approximately **$1,800 million**, and its availability is expressly not a condition to closing.
- **Company fee:** $60 million, or 2.79% of announced value, if the board changes its recommendation or accepts a superior proposal.
- **Reverse fee: $144 million**, or 6.70%, guaranteed by the equity investors under a limited guarantee.
- **Timetable:** an initial outside date of 6 May 2027, automatically extended to 6 August 2027 if only regulatory conditions remain.

The Strategic Logic

The parties state the combination generates over **$4 billion** of pro-forma revenue. DoubleVerify's accredited quality signals are the asset a buyer cannot rebuild quickly.

Implications for Founders

The Reverse Fee Is the Price of Certainty

A buyer willing to post **2.40x** the seller's own walk-away cost, guaranteed by the fund rather than the shell, is telling the board what the deal is worth to it. Ask for the number early and price it as part of the consideration.

Long Outside Dates Are a Concession, Not a Cost

A twelve-month primary window with a further three-month automatic extension for regulatory conditions is a buyer accepting time risk. It reads as delay and functions as protection.

Committed Debt Beats Cheap Debt

At $1,800 million of committed debt against $200 million of equity, the structure is levered. What makes it bankable for the seller is that the leverage is the buyer's problem, contractually and explicitly.

Sources: DoubleVerify Form 8-K and press release, 6 and 10 August 2026. See appendix.

What the Q3 2026 Record Points To

WINDSOR DRAKE

Six patterns from the quarter that will shape processes running into 2027.

The Split Becomes Standard

Three independent processes, three different sponsors and one strategic all landed on a reverse fee near **6% to 7%** of announced value against a company fee near 3%. That is now the market convention, and a board accepting less is conceding without being asked to.

Carve-Outs Are the Volume Trade

Clarivate, Domo, Skillsoft and Health Catalyst all sold a business rather than the company. Health Catalyst applied the VitalWare proceeds to repay $122.8 million of term loan, $37.1 million of delayed draw and a $3.2 million prepayment premium on the same day it closed. Divisional sales are where the count sits while platform buyouts stay scarce.

6% to 7%
REVERSE FEE, ANNOUNCED VALUE

2.00x
MEDIAN SPLIT RATIO

Strategics Outbid Sponsors on Scale

Autodesk paid $3.6 billion in cash funded from commercial paper. At current software spreads a sponsor cannot match a balance-sheet buyer on a scaled, cash-generative asset.

AI Buyers Have Entered the Bid

SoundHound AI agreed LivePerson, the only offer produced from 66 approaches. AI-native acquirers are becoming a distinct buyer pool for distressed software assets.

Regulatory Risk Must Be Assigned

Getty Images terminated Shutterstock on 7 July 2026 after eighteen months rather than accept a required divestiture. Where a remedy obligation is not allocated in the agreement, time does the allocating.

The Maturity Wall Is the 2028 Story

About $386 billion of software debt matures in 2028 and 2029. Sponsors holding levered software into that window have a reason to transact well before it.

Sources: SEC merger proxies, Form 8-K merger agreements and company announcements, July and August 2026. See appendix.

Appendix: Sources (Part 1, Primary Filings)

WINDSOR DRAKE

Institution	Report / Source	Date
US Securities and Exchange Commission	*DoubleVerify Holdings, Form 8-K and press release on the Nielsen merger agreement*	6 and 10 Aug 2026
US Securities and Exchange Commission	*Weave Communications, Form 8-K and merger agreement, Francisco Partners*	18 and 19 Aug 2026
US Securities and Exchange Commission	*Simulations Plus, DEFM14A merger proxy, Altaris transaction*	22 Jul 2026
US Securities and Exchange Commission	*LivePerson, DEFM14A merger proxy, SoundHound AI transaction*	9 Jul 2026
US Securities and Exchange Commission	*TruBridge, DEFM14A merger proxy and Form 8-K on closing*	4 Jun and 9 Jul 2026
US Securities and Exchange Commission	*Electronic Arts, Form 8-K on closing and acquisition financing*	30 Jul and 4 Aug 2026
US Securities and Exchange Commission	*Autodesk, Form 8-K on the commercial paper programme and MaintainX closing*	13 Jul and 3 Aug 2026
US Securities and Exchange Commission	*Procore Technologies, Form 8-K, DroneDeploy merger agreement*	29 Jul 2026
US Securities and Exchange Commission	*Domo and Progress Software, Form 8-K, asset purchase agreement*	22 Jul 2026

Appendix: Sources (Part 2, Filings and Institutions)

WINDSOR DRAKE

Institution	Report / Source	Date
US Securities and Exchange Commission	*Clarivate, Form 8-K, Life Sciences and Healthcare sale to Altaris*	6 Jul 2026
US Securities and Exchange Commission	*Getty Images, Form 8-K/A, termination of the Shutterstock merger agreement*	7 Jul 2026
US Securities and Exchange Commission	*Marchex, Skillsoft and Health Catalyst, Form 8-K filings on completed transactions*	Jul and Aug 2026
Federal Reserve	*FOMC statement; FEDS Notes on private credit and leveraged loan markets*	29 Jul and 11 Aug 2026
Bank for International Settlements	*Quarterly Review; BIS Bulletin No 128 on software lending*	16 Mar and 14 Jul 2026
PitchBook LCD	*Leveraged loan market wraps, software loan analysis and default reporting*	Apr to Aug 2026
S&P Global Market Intelligence	*Software debt sell-off and maturity profile analysis*	24 Mar 2026
J.P. Morgan	*Innovation Economy: Software market trends, Q3 2026*	20 Aug 2026
Goldman Sachs	*Research on software valuations and implied growth*	18 Feb 2026
Gartner and IDC	*Worldwide IT spending forecast; agentic AI exposure; public cloud spending*	Mar and Jul 2026
Nasdaq, Bessemer, Renaissance Capital and PitchBook-NVCA	*BVP Cloud Index levels and constituents; US IPO statistics; Venture Monitor Q2 2026*	Jun to Aug 2026

Methodology, Related Research and the Firm

WINDSOR DRAKE

Framework and Counting Basis

The Downside Split reads a transaction by where the cost of failure sits.

- Three questions: what each side pays if a signed deal does not close, whether the buyer's financing is a closing condition, and how much consideration the seller carries past closing.
- The record covers software transactions announced or completed between 1 July and 25 August 2026.
- Fifteen named transactions meet that basis, each confirmed against a filing or a company announcement.
- Sources are SEC full-text search of Form 8-K merger agreements and DEFM14A, PREM14A and DEFA14A filings.

How the Figures Were Computed

Fee ratios are computed from the operative provisions of each merger agreement.

- Termination fees are taken verbatim: $60,000,000 and $144,000,000 at DoubleVerify.
- $22,768,393 and $39,031,531 at Weave Communications; $13,000,000 and $26,000,000 at Simulations Plus.
- Each is divided by the announced transaction value stated by the parties.
- That basis is enterprise value for DoubleVerify and Simulations Plus, aggregate equity value for Weave.

Source Standard and Attribution

Every third-party figure carries an institution and a date.

- Inputs are primary filings, central banks, bulge-bracket bank research and elite data houses.
- A fairness analysis quoted inside a merger proxy is cited as the filing.
- The outlook scenarios are the firm's own view of PitchBook LCD issuance data.
- The appendix names third-party institutions and filings only.

Related Research and Contact

This page covers activity. Four companion pages cover the pricing questions behind it.

- SaaS Valuations: **The Credit Ceiling**. B2B SaaS Valuations: **The Committed Base**.
- Rule of 40: **The Growth Point Premium**. Software Valuation Multiples: **The Mix Illusion**.
- The Sponsor Exit: **The Platform Buyer**, on how sponsors clear aging software positions.
- Windsor Drake advises founders on sell-side processes. windsordrake.com.