SaaS M&A Activity: Q3 2026

Software M&A did not pause in the third quarter of 2026. Fifteen named software transactions were announced or completed between 1 July and 25 August, including the largest software buyout on record. Electronic Arts closed to a Public Investment Fund, Silver Lake and Affinity Partners consortium at **$210 per share** on 4 August. Autodesk completed MaintainX at **$3.6 billion** on 3 August, and Nielsen agreed DoubleVerify at about **$2.15 billion** enterprise value on 6 August. All of it happened while software was the worst-marked sector in the leveraged loan market.

The mechanism is visible in the merger agreements. 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. DoubleVerify carries $144 million against $60 million, Weave Communications $39.0 million against $22.8 million, Simulations Plus $26 million against $13 million. Against announced value the reverse fee runs **6.00% to 6.93%** and the company fee **2.79% to 3.50%**, with a named fund guaranteeing the reverse fee in each case.

The evidence is primary and public. Three definitive merger proxies were filed in the period: LivePerson on 9 July, Simulations Plus on 22 July and TruBridge on 4 June. They publish what a founder never otherwise sees, including how many counterparties a board contacted and precisely who pays what if the deal fails. Alongside them sit filings for Electronic Arts, Autodesk, Procore, Progress Software, Clarivate, Marchex, Skillsoft, Health Catalyst and Getty Images.

Windsor Drake calls the pattern **The Downside Split**. A software transaction here is decided by where the cost of failure sits, not by the multiple. The buyer takes closing risk, near six to seven per cent of deal value and guaranteed by the fund. The seller takes performance risk, through deferred consideration, buyer notes and convertible paper. Where the split was explicit, deals cleared in weeks. Where a downside sat unallocated the deal died.

How active was SaaS M&A in Q3 2026?

The quarter spans the full range of software dealmaking: a record-scale buyout closing, two strategic acquisitions above $800 million, three sponsor take-privates, four carve-outs and one terminated merger.

Table 1. Software Transactions With Published Consideration, Q3 2026

Transaction	Date	Consideration	Status
PIF, Silver Lake and Affinity / Electronic Arts	4 Aug 2026	$210.00 per share	Completed
Autodesk / MaintainX	3 Aug 2026	$3.6 billion cash	Completed
Nielsen / DoubleVerify	6 Aug 2026	$13.60 per share, $2.15bn EV	Announced
Procore Technologies / DroneDeploy	27 Jul 2026	$845.0 million cash	Announced
Francisco Partners / Weave Communications	18 Aug 2026	$7.40 per share, $650 million	Announced
Altaris / Clarivate Life Sciences and Healthcare	3 Jul 2026	$600 million aggregate	Announced
Progress Software / Domo AI and Data Platform	22 Jul 2026	$400 million	Announced
Altaris / Simulations Plus	22 Jul 2026	$18.50 per share, $375 million	Proxy filed
Inventurus Knowledge Solutions / TruBridge	9 Jul 2026	$26.25 per share	Completed
SoundHound AI / LivePerson	9 Jul 2026	$3.33 per share, $43 million	Proxy filed

Source: SEC Form 8-K merger agreements, DEFM14A merger proxies and company announcements, 1 July to 25 August 2026.

Five further transactions carried structured consideration. Salesforce completed m3ter on 1 July. Marchex completed Archenia the same day for **$10 million of 6% convertible notes** payable at twelve, eighteen and twenty-four months. Skillsoft sold Global Knowledge to an Enduring Ventures affiliate on 6 July for about **$5.4 million** plus deferred consideration. Health Catalyst completed the VitalWare sale on 31 July.

Read the composition rather than the total. Electronic Arts was signed in September 2025 and merely closed inside the period. What the quarter originated was mid-sized: transactions in the $375 million to $3.6 billion band plus four divisional sales by listed software companies.

What is The Downside Split, and why does it decide the deal?

Every merger agreement allocates two risks that have nothing to do with price. Closing risk is what happens if a signed transaction does not complete. Performance risk is what happens to value afterwards, and how much of it the seller still carries. In a repriced software market these two allocations, not the multiple, decide which transactions clear.

Table 2. The Downside Split Ledger, Q3 2026 Take-Privates

Transaction	Announced value	Company fee	Reverse fee	Ratio
Nielsen / DoubleVerify	$2.15 billion	$60.0m (2.79%)	$144.0m (6.70%)	2.40x
Francisco Partners / Weave	$650 million	$22.8m (3.50%)	$39.0m (6.00%)	1.71x
Altaris / Simulations Plus	$375 million	$13.0m (3.47%)	$26.0m (6.93%)	2.00x
Median across the three		3.47%	6.70%	2.00x

Source: DoubleVerify Form 8-K, 10 August 2026; Weave Communications Form 8-K and merger agreement, 19 August 2026; Simulations Plus DEFM14A, 22 July 2026. Percentages are computed against the announced transaction value stated by the parties.

The clustering is the finding. Three independent processes, three acquirers, one split. Three structural features travel with the fee every time: the buyer's debt is expressly excluded as a closing condition; an equity commitment letter stands behind the price, and at Weave it funds the entire consideration **regardless of whether any debt financing is obtained**; and a limited guarantee names the paying fund, Francisco Partners VII, L.P. at Weave. A reverse fee owed by a shell is a number. One guaranteed by a fund is an asset.

Performance risk moved the other way. Clarivate's $600 million sale to Altaris comprises **$500 million of cash at closing, $25 million deferred** to no later than January 2028, and **a $75 million unsecured senior note** issued by a buyer affiliate. Marchex paid entirely in convertible notes. The seller financed part of its own exit, which is a price concession expressed as a timetable.

Why is software credit so expensive, and what does it do to deal terms?

The downside split is priced in the loan market, and in 2026 that market separated software from everything else. Software fell to **8.6%** of broadly syndicated loan issuance from 17.6% in 2025. Around **45%** of leveraged loan debt trading below 80 cents is software, against a 12.2% index weight. Application software loans total **$147 billion** at an average bid of 87.75. This is a sector spread rather than market-wide stress: the overall default rate was **0.93%** by amount at 31 July 2026. All four figures are PitchBook LCD's.

Table 3. The Cost of Software Credit, 2026

Measure	2025 or prior	2026	Source and date
Software share of BSL issuance	17.6%	8.6%	PitchBook LCD, 30 Jun 2026
Direct lending spread, software	450 to 475 bps	550 to 575 bps	PitchBook LCD, 7 Apr 2026
B- new-issue spread	SOFR + 354 bps	SOFR + 411 bps	PitchBook LCD, 30 Jun 2026
Application software average bid	96.4	87.75	PitchBook LCD, 5 Aug 2026
Federal funds target range	3.50% to 3.75%	3.50% to 3.75%	Federal Reserve, 29 Jul 2026

Source: PitchBook LCD leveraged loan reporting, April to August 2026; Federal Reserve FOMC statement, 29 July 2026. The 2025 B- spread and the 2025 application software bid are derived from the 57 basis point widening and the 9% year-to-date decline PitchBook LCD reports against those baselines.

The Electronic Arts financing shows what this costs at the top of the market. At closing the acquisition vehicle drew a **$6,125 million** first lien term loan B and a €1,725 million tranche alongside a **$3,250 million** term loan A and a $500 million revolver. The notes priced in April at **7.250%** secured and **8.750%** unsecured. A sponsor paying 8.750% bids differently from one paying six.

Which is why the quarter's largest strategic transaction was funded another way. Autodesk established a **$2.0 billion commercial paper programme** on 13 July 2026 to help finance MaintainX, and closed on 3 August. At current spreads a balance-sheet buyer that turns acquisition financing into a treasury function outbids a sponsor and closes faster.

The lender base has shifted too. Private credit loans outstanding to SaaS firms rose from almost $8 billion in 2015 to **over $500 billion**, 19% of total direct loans, by end-2025 (Bank for International Settlements). The median private credit borrower carries **5.0x** debt to EBITDA at a 500 basis point spread, against 3.2x at 400 in the syndicated market (Federal Reserve). When the lender is a fund, the equity commitment letter carries the certainty.

What did a competitive sale process actually produce this quarter?

Three boards published their outreach in full. The pattern is wide contact and a narrow field of funded bidders.

Table 4. Published Process Outcomes, Q3 2026 Merger Proxies

Company	Counterparties contacted	Bids received	Price path	Premium
LivePerson	66, with 17 confidentiality agreements	One offer	$3.33 per share	22% to 30-day VWAP
TruBridge	23 strategic and 36 financial	Four indications	$30.00 opening, $26.25 signed	87.5% to unaffected price
Simulations Plus	23 targeted parties	Four first-round bids	$18.00 initial, $18.50 final	26% to 60-day VWAP

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

Two findings sit inside that table. The first is bid erosion. TruBridge received opening indications at $30.00 per share, implying a $609 million enterprise value, and signed at **$26.25**, a **12.5%** fall. A separate sponsor revised from a $28.00 to $30.00 range down to $23.50.

The second is that price competition and term competition are separate negotiations. Simulations Plus ran a formal auction across 23 parties and moved the price from $18.00 to $18.50, a gain of 2.8%. The structure moved further: a parent fee at twice the company fee and no financing condition. LivePerson is the counter-case, where 66 approaches produced one offer against $367.8 million of debt and a comparable set at a **1.10x** median of forward revenue.

What are software companies actually worth in Q3 2026?

The public reset is the base every private premium is paid over. Median enterprise value to trailing revenue across **172 public software companies** fell to **3.7x** in H1 2026 from 5.5x in 2025 and a 12.6x peak in 2020, while the median company improved to 13% revenue growth and a 25% EBITDA margin. Infrastructure software trades at **8.2x** against **3.3x** for application software (J.P. Morgan).

Table 5. Software Valuation Reference Points, 2026

Cohort	Measure	Level	Source and date
172 public software companies	Median EV / TTM revenue, H1 2026	3.7x	J.P. Morgan, 20 Aug 2026
Same cohort	Median EV / TTM revenue, 2025	5.5x	J.P. Morgan, 20 Aug 2026
Infrastructure software	Median EV / TTM revenue, H1 2026	8.2x	J.P. Morgan, 20 Aug 2026
Application software	Median EV / TTM revenue, H1 2026	3.3x	J.P. Morgan, 20 Aug 2026
BVP Cloud Index, 65 constituents	Average revenue multiple	7.9x	Bessemer Venture Partners, 25 Aug 2026
Customer engagement software, 8 constituents	Median EV / CY2026E revenue	1.10x	LivePerson DEFM14A, 9 Jul 2026

Source: J.P. Morgan Innovation Economy software market trends, 20 August 2026; Bessemer Venture Partners BVP Cloud Index, retrieved 25 August 2026; LivePerson DEFM14A, 9 July 2026.

Against that base, buyers paid full control premia in cash: **30%** at DoubleVerify, **34%** at Weave, **26%** at Simulations Plus, **22%** at LivePerson and **87.5%** at TruBridge to its unaffected price. The premium survived the repricing. What changed is the number it is measured against. Goldman Sachs frames the same point through implied growth: peak valuations implied 15 to 20 per cent medium-term revenue growth, current multiples imply **5 to 10**.

The demand data does not obviously support the lower figure. Gartner forecasts worldwide software spending of **$1,468 billion** in 2026, up 15.5%. The market is not pricing the category down. It is pricing which assets survive agentic substitution, and Gartner puts **$234 billion** of enterprise application software spend, 20% of the category by 2030, in the exposed column.

What happens when the downside is not split?

Getty Images and Shutterstock signed an agreement and plan of merger on **6 January 2025**. On 30 June 2026 the Getty board resolved not to sell Shutterstock's editorial business under the supervision of the United Kingdom's Competition and Markets Authority, a clearance condition Getty was not obliged to accept. It terminated on **7 July 2026**, eighteen months after signature.

The lesson is not that regulatory risk exists. It is that the agreement obliged neither party to bear it, so the outside date decided instead. Compare DoubleVerify, where the outside date runs to 6 May 2027 and extends automatically to 6 August 2027 if only regulatory conditions remain, behind a $144 million guaranteed reverse fee. Compare also the opposite extreme: Domo signed with Progress Software on 22 July 2026 and its majority stockholders executed a written consent **the same day**, removing vote risk entirely. Speed is the cheapest certainty a seller can offer.

Key takeaways for founders

1. Negotiate the split after you have negotiated the price

The record gives a board a benchmark it did not have: a reverse termination fee of **6.00% to 6.93%** of announced value, at a median **2.00x** the company fee, guaranteed by a named fund. A board that signs at half of it has left a real asset behind.

2. Require an equity commitment that funds the whole price

Weave's equity commitment letter funds the full consideration whether or not debt is obtained, and the company is an express third-party beneficiary. That one provision converts the buyer's financing from the seller's risk into the buyer's problem. Ask for it by name.

3. Model the signing price, not the indication

TruBridge's opening indications came in at $30.00 per share and the deal signed at $26.25, a 12.5% fall through diligence. The items that move price are client attrition, net indebtedness and revenue recognition. Resolve them before going to market, not at the end of a process.

4. Two funded bidders is a good field

Boards contacted 66, 59 and 23 counterparties this quarter and produced one, four and four credible bids. Breadth of outreach no longer converts to tension on its own. Build the list around acquirers with demonstrated appetite and the balance sheet to close.

5. Decide in advance how much value you will carry past closing

Clarivate took $25 million deferred and a $75 million buyer note on a $600 million sale. Marchex paid for Archenia entirely in convertible notes. Structured consideration bridges a price gap, but it is a concession expressed as a timetable, and seller paper prices at a discount to cash.

6. The repricing already happened, and buyers transacted through it

Median public software multiples fell from 5.5x to 3.7x trailing revenue and the quarter still produced $3.6 billion, $2.15 billion and $845 million transactions at full cash premia. Waiting exchanges a buyer pool transacting today for a forecast, with roughly $386 billion of software debt maturing in 2028 and 2029 in between.

Sources

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Methodology Note

Framework: The Downside Split. The framework reads a transaction by where the cost of failure sits. Three questions define it: what each side pays if a signed transaction does not close, whether the buyer's financing is a condition to closing, and how much consideration the seller carries past closing. The assignments are the firm's judgement, drawn from the operative provisions of each merger agreement.

Source standard. Inputs are restricted to primary filings and top-tier institutions: the Securities and Exchange Commission, the Federal Reserve, the Bank for International Settlements, bulge-bracket bank research and elite data houses. Every transaction is confirmed against a filing or a company announcement, and every third-party figure carries an institution and a date. A fairness analysis quoted inside a merger proxy is cited as the filing.

Counting basis. The record covers software transactions announced or completed between 1 July and 25 August 2026, identified from SEC full-text search of Form 8-K merger agreements and DEFM14A, PREM14A and DEFA14A filings across the software industry classifications. Fifteen named transactions meet that basis, of which ten carry published consideration and appear in Table 1. Two excluded and named here for completeness: Emerald Holding, a trade-show business, and Tempus AI's acquisition of Personalis, a genomics diagnostics company.

Computation and attribution. Termination fees are taken verbatim from each merger agreement: $60,000,000 and $144,000,000 at DoubleVerify, $22,768,393 and $39,031,531 at Weave, $13,000,000 and $26,000,000 at Simulations Plus. Each is divided by the announced transaction value stated by the parties, enterprise value for DoubleVerify and Simulations Plus and aggregate equity value for Weave. Two figures in Table 3 are derived rather than quoted, the 2025 B- spread and the 2025 application software bid, each computed from the change PitchBook LCD reports against that baseline and labelled in the source line. The deck's outlook scenarios are the firm's own view.