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SaaS Valuations: Q3 2026

AUGUST 2026

Windsor Drake · Market Intelligence

Executive Summary: The Comp Is the Reference, Credit Is the Price

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The Public Reference

Windsor Drake's 34-company SaaS comparable set carries a median **4.9x** EV/Revenue, computed on 21 August 2026.

- Interquartile range **3.9x to 7.5x**; full range **2.1x to 40.1x**.
- Infrastructure clears **9.3x** against **4.1x** for horizontal applications.
- Every constituent and input is published in the appendix.

The Credit Ceiling

A private seller is not paid the public multiple. A private seller is paid what the buyer can finance, and the financing arithmetic is now visible in primary data.

- The median private-credit borrower carries **5.0x** debt to EBITDA (Federal Reserve).
- At that leverage a sponsor funds **10x the EBITDA margin** in revenue multiple at a 50% cheque.
- Clearing 4.9x therefore needs a **49%** EBITDA margin, or **39%** at a 60% cheque.
- Below that, the strategic bid sets the price.

The Distribution Has No Middle

Across 2026 software transactions where consideration and target revenue are both in the primary record, the outcomes cluster at two ends.

- Three cleared at **9.4x to 11.5x**: Clearwater, OneStream, Confluent.
- Five cleared at **1.2x to 2.9x**, from LivePerson to ON24.
- One transaction landed between those bands.
- The realised median of **2.9x** sits below the 4.9x reference.

The Financing Backdrop

Software is now the largest single sector concentration in private credit, and both the Federal Reserve and the ECB said so within the same six weeks.

- Software is about **21%** of private-credit issuance since 2020.
- About **half** of software borrowers use only that market.
- The 10-year Treasury stands at **4.69%**, up roughly 50bp this year.
- The June FOMC median projects **3.8%** at end-2026.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

Key Takeaways for SaaS Founders

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1. Two Numbers Govern Your Outcome, Not One

The public comparable set establishes the reference. The financing available to your most likely buyer establishes what is payable. A seller who tracks only the first is negotiating against half the evidence.

- Public median **4.9x**; realised 2026 transaction median **2.9x**.
- The gap is a financing gap before it is a quality gap.

2. Margin Is Now a Valuation Input, Not a Footnote

At the Federal Reserve's published median software leverage of 5.0x EBITDA, every point of EBITDA margin buys roughly a tenth of a turn of revenue multiple in a sponsor bid.

- A 25% margin funds about **2.5x** revenue at a 50% equity cheque; a 40% margin funds **4.0x**.
- Margin expansion moves the ceiling. Growth alone does not.

3. Growth Stopped Paying Between 15% and 30%

In the comparable set the multiple is flat at a **6.2x** median across both the 15 to 20% and the 20 to 30% growth cohorts. The step change sits above 30%.

- Above 30% growth the cohort median is **20.2x**.
- Between 10 and 15% it is **4.5x**, and below 10% it is **3.6x**.

4. Retention Separates More Cleanly Than Growth

Constituents disclosing net revenue retention at or above 115% carry a **12.3x** median. Those disclosing under 105% carry **3.0x**, on comparable growth.

- Bain records sector net revenue retention down roughly **8 points** since 2021.
- Retention is the metric the credit market underwrites.

5. The Strategic Buyer Sets the Clearing Price

Strategic acquirers pay from balance sheet and are not bound by the credit ceiling. In 2026 they have been the buyer of record for every large software transaction that cleared at a premium multiple.

- Strategics account for **96%** of the 511 transactions in the Windsor Drake Exit Index.
- US software private-equity platform deals fell to **41%** of software buyout value, a decade low (PitchBook).

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

Founder FAQs

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1 What is the average SaaS valuation multiple in 2026?

Windsor Drake's 34-company public SaaS comparable set carries a median 4.9x EV/Revenue as of 21 August 2026, with an interquartile range of 3.9x to 7.5x. Private transactions clear lower: across 2026 software deals where both consideration and target revenue sit in the primary record, the realised median is 2.9x.

2 Why do private SaaS companies sell below the public multiple?

Because the public multiple is set by equity investors and the private price is set by what a buyer can finance. The Federal Reserve reports the median private-credit borrower at 5.0x debt to EBITDA, which caps what a sponsor can pay to roughly ten times the EBITDA margin in revenue terms at a 50% equity cheque.

3 Which SaaS segment commands the highest multiple?

Data and infrastructure software, at a 9.3x median across eight constituents, against 6.9x for vertical SaaS and 4.1x for horizontal applications. The infrastructure premium reflects consumption pricing and disclosed net revenue retention above 115%.

4 Does growth still drive the multiple?

Above 30% revenue growth it drives it decisively: that cohort carries a 20.2x median. Between 15% and 30% the multiple is flat at 6.2x, so ten points of growth inside that band moves the price very little. Below 15% the multiple compresses steadily.

5 How much does net revenue retention matter?

It is the sharpest single separator in the set. Constituents disclosing NRR at or above 115% carry a 12.3x median; those disclosing under 105% carry 3.0x. Bain records sector retention down roughly eight points since 2021, which is why buyers now underwrite the renewal base first.

6 Is the IPO route open to SaaS companies in 2026?

Not in practice. Three software companies of scale have priced US listings in 2026, none of them enterprise SaaS. Entrata, a profitable multifamily software business growing 23% with 97% gross retention, has been publicly on file since 28 May 2026 without setting a price range.

7 Who is actually buying SaaS companies right now?

Strategic acquirers. They pay from balance sheet, sit above the credit ceiling and have been behind every 2026 software transaction that cleared at a premium multiple, from IBM and Confluent to Salesforce and Fin. Strategics account for 96% of the transactions in the Windsor Drake Exit Index.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

The Credit Ceiling: What a Sponsor Can Actually Fund

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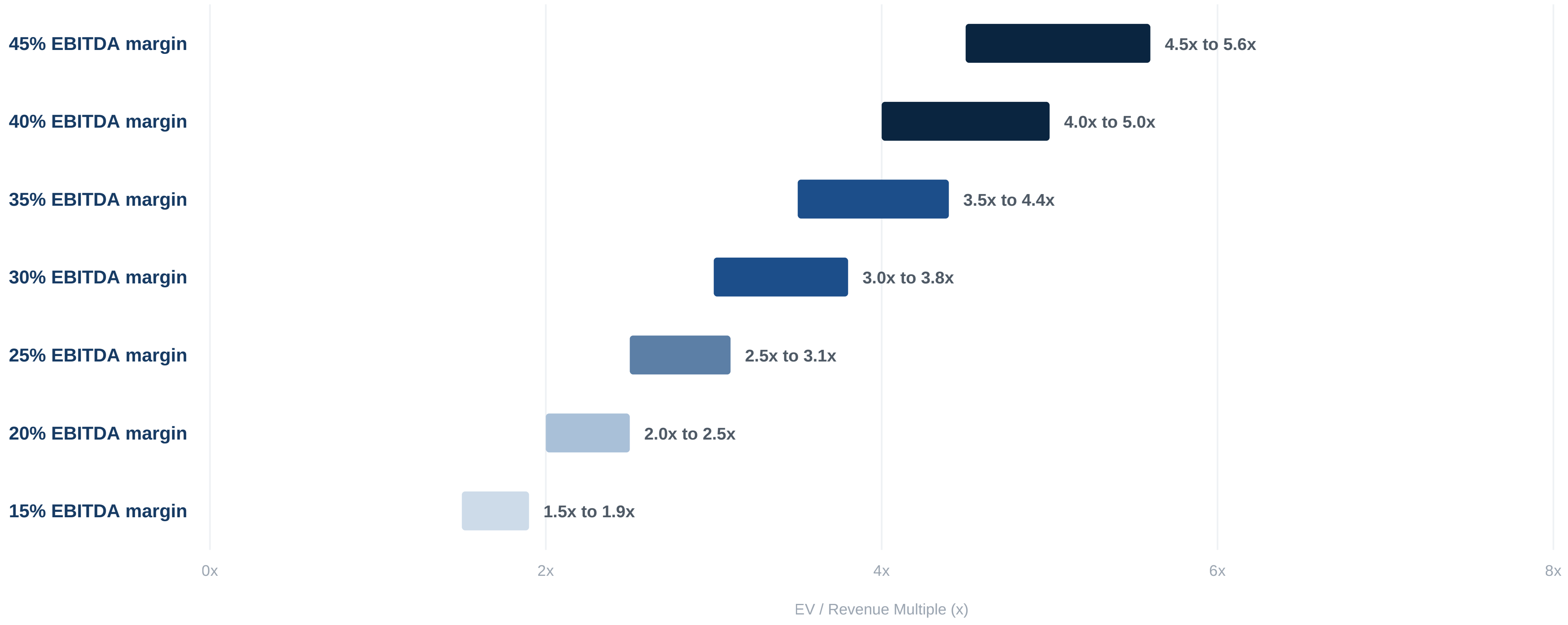
Revenue multiple financeable at the Federal Reserve's published median software leverage of 5.0x EBITDA. Left bar a 50% equity cheque, right bar 60%. Windsor Drake analysis.



THE CREDIT CEILING

The public comparable set is the reference. Credit is the constraint. At the Federal Reserve's median software leverage of **5.0x** EBITDA, a sponsor funds roughly **ten times the EBITDA margin** in revenue multiple at a 50% equity cheque. Clearing the **4.9x** public median therefore requires a **49%** EBITDA margin, or **39%** at a 60% cheque. Very few growth SaaS businesses operate there, which is why the sponsor bid has withdrawn from the middle of the market and the strategic bid now sets the clearing price.

Sources: Federal Reserve, FEDS Notes, 11 August 2026 (median private-credit borrower 5.0x debt to EBITDA, $223m median revenue, 500bp spread). Multiple arithmetic is Windsor Drake analysis.

SaaS Valuation Multiples by Segment

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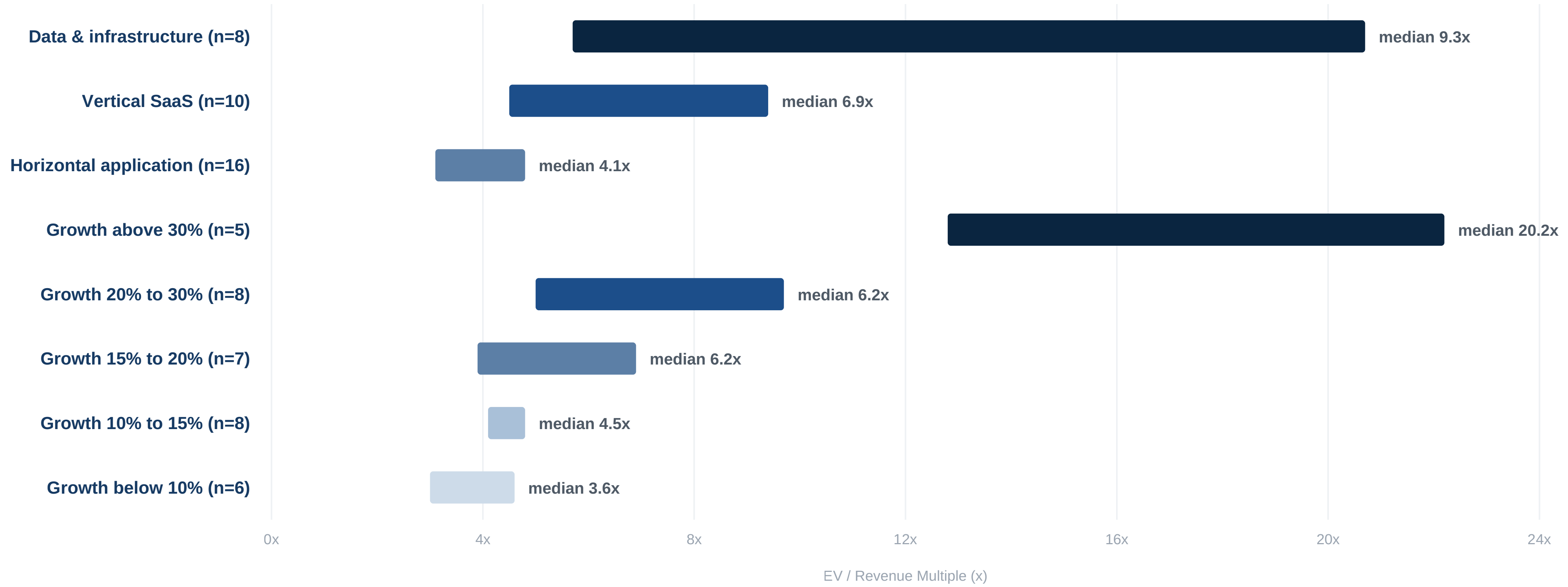
EV/Revenue, interquartile range with median marked. Windsor Drake computation from market capitalisation and reported balance sheets, 21 August 2026.



READ THE SEGMENT, THEN READ THE GROWTH BAND

The composite median of **4.9x** across all 34 constituents describes a distribution running 2.1x to 40.1x. Two structural cuts explain most of it. Segment sets the level: infrastructure at 9.3x against horizontal applications at 4.1x. Growth sets the step: the multiple is flat at 6.2x across the whole 15 to 30% band and triples above 30%. Between those two cuts, a founder can locate the reference before a buyer does it for them.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

The Distribution, Constituent by Constituent

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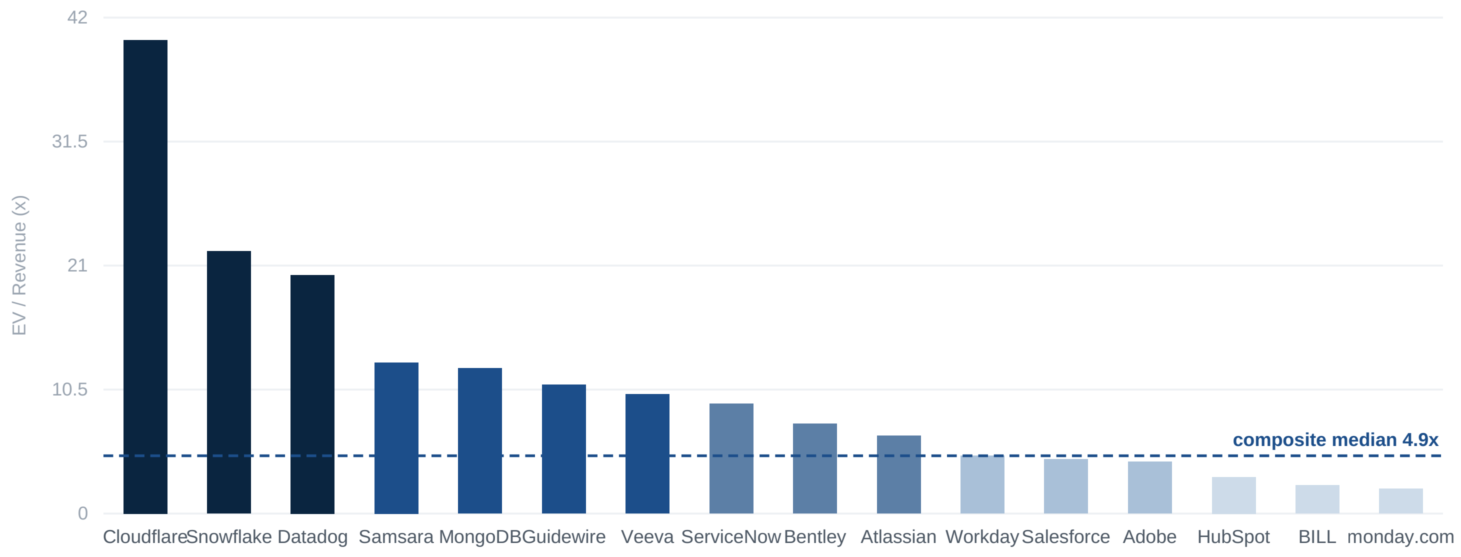
The spread inside SaaS is wider than the spread between most sectors. Every figure below is computed, not licensed.

EV / Revenue by company, 21 August 2026



COMPOSITE MEDIAN

4.9x

Across 34 constituents with a clean revenue denominator.

INTERQUARTILE RANGE

3.9x to 7.5x

Half the set clears inside this band.

FULL RANGE

2.1x to 40.1x

monday.com at the floor, Cloudflare at the ceiling.

SCALE IS NOT THE DRIVER

4.7x vs 6.2x

Companies above $10bn of revenue clear 4.7x; those between $1.5bn and $3bn clear 6.2x.

Salesforce at $42.8bn of revenue clears 4.6x. Guidewire at $1.4bn clears 10.9x. Size is not the variable being priced.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

Public Reference Against Realised Transactions

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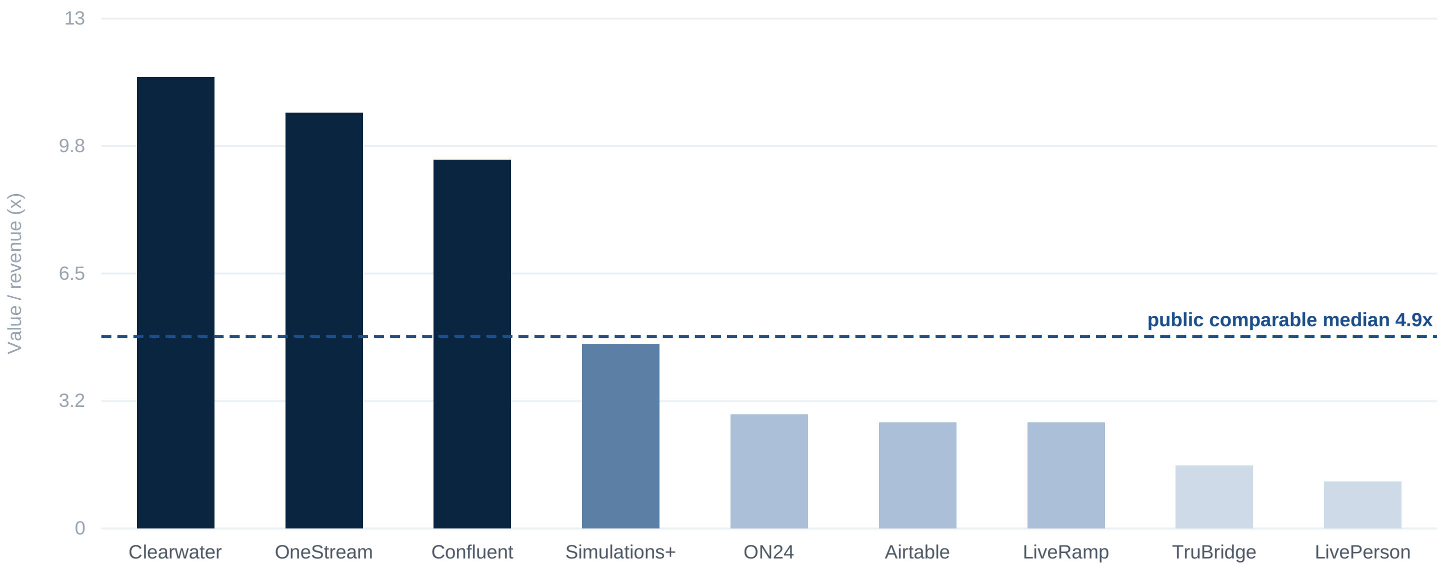
Every 2026 cycle software transaction where consideration and target revenue both sit in the primary record. Multiples computed by Windsor Drake from the announcement and the target's own filing.

Transaction value / target revenue (x)



REALISED MEDIAN

2.9x

Against a 4.9x public reference on the same day.

UPPER CLUSTER

9.4x to 11.5x

Three transactions, each a consumption-priced or system-of-record asset.

LOWER CLUSTER

1.2x to 2.9x

Five transactions, each a decelerating or seat-priced asset.

BETWEEN THE TWO

One deal

Simulations Plus at 4.7x is the only transaction inside the band.

> The convergence question is settled for the top and the bottom of the market. It is the middle that has repriced.

Sources: acquirer and target announcements and SEC filings; target revenue from each target's own filing or results release. Multiples computed by Windsor Drake. See appendix.

Data and Infrastructure Software: The Consumption Premium

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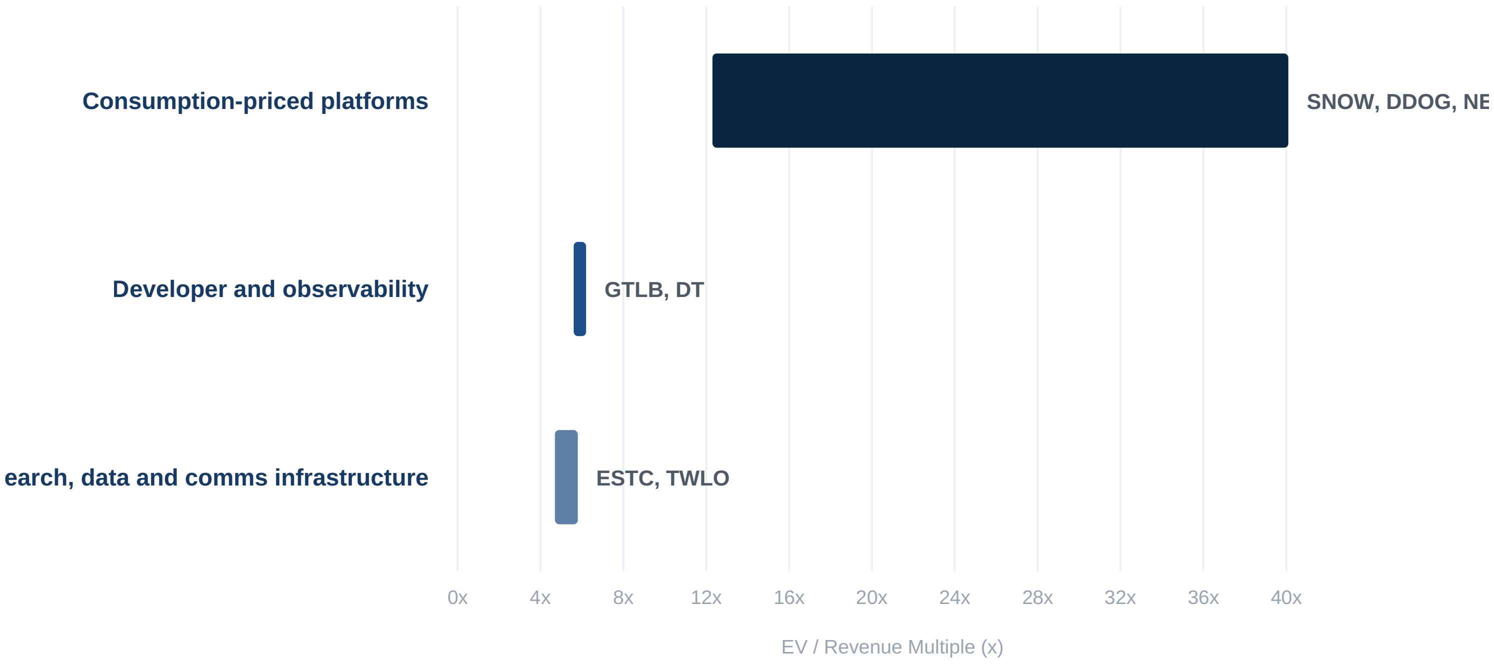
The highest median in the set at 9.3x, and the widest band. Consumption pricing and disclosed retention above 115% carry the top of the range.

EV / Revenue Multiple Range (x)



KEY OBSERVATION

The infrastructure premium is not a category effect. It is a pricing-model effect that happens to concentrate in this category, and it is available to any business that meters what it sells.

Valuation Drivers

Retention the credit market underwrites

Snowflake discloses 126% net revenue retention as of 30 April 2026, Cloudflare 120% and MongoDB 121%. A revenue base that expands without new logos is the single characteristic lenders and strategic buyers price highest, because it survives a downturn in new bookings.

Pricing that is not seat-linked

Consumption and capacity pricing decouple revenue from headcount. Gartner places $234 billion of enterprise application spending at risk from agentic arbitrage between now and 2030, roughly 20% of enterprise SaaS spending, and the exposure concentrates in seat-based models rather than metered ones.

Growth still above the step

Cloudflare grew 35.9%, Datadog 35.6% and Snowflake 33.5% in their most recent reported quarters. This is the only segment with meaningful representation above the 30% growth threshold, which is where the comparable set's multiple step change occurs.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

Vertical SaaS: System of Record Beats Category

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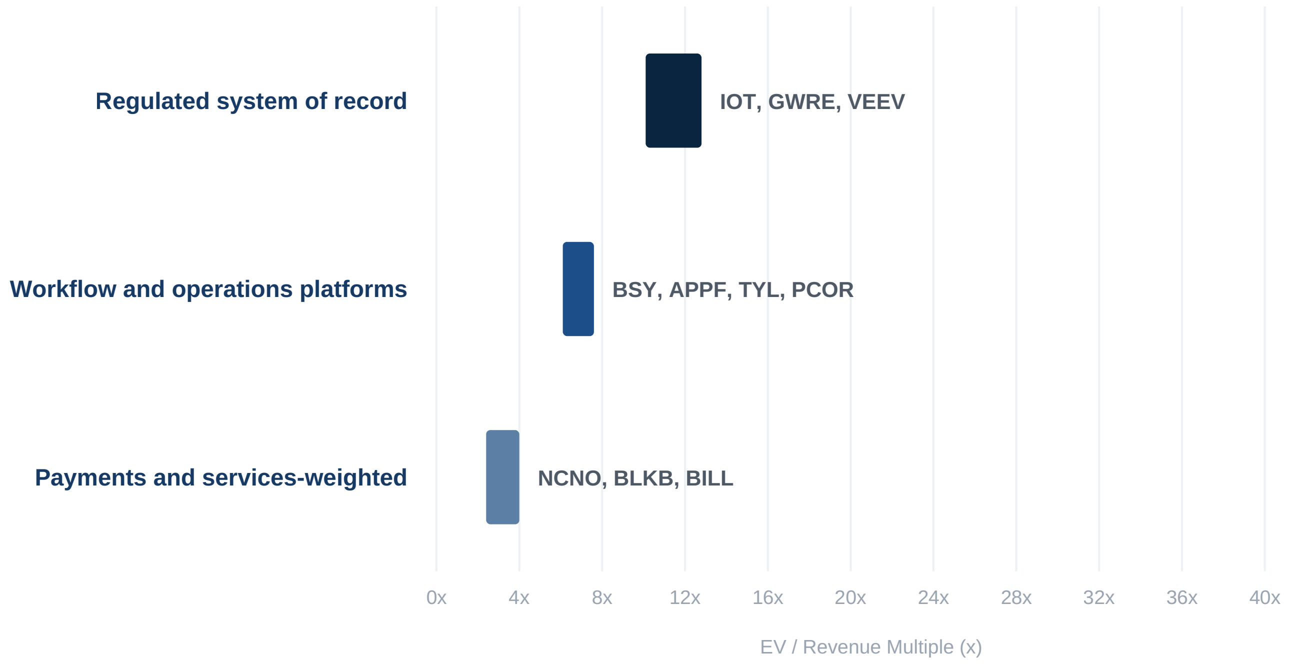
A 6.9x median, and the tightest relationship between what the software owns and what it clears. Ownership of the operating record sets the level.

EV / Revenue Multiple Range (x)



KEY OBSERVATION

Vertical SaaS rewards depth over breadth. The assets clearing double-digit multiples are the ones a customer would have to re-implement rather than merely re-license.

Valuation Drivers

The record, not the workflow

Veeva at 10.1x, Guidewire at 10.9x and Samsara at 12.8x each hold the regulated or operational book of record for their customer. Displacement means migrating the record itself, which is why these assets carry both the highest multiples and the longest customer tenures in the segment.

Growth compounds a strong position

Samsara grew 30.5% and Guidewire 26.9% in their most recent reported quarters, placing them at or above the step change in the comparable set. Tyler Technologies grew 8.2% from an equally durable position and clears 6.1x, which isolates the growth contribution from the position contribution.

Blended revenue is discounted

Where software revenue is blended with payments or services, the multiple compresses toward the payments comparable rather than the software one. BILL clears 2.4x with 95% net dollar retention and Blackbaud 2.9x on 3.0% growth. A clean software revenue line is worth turns of multiple.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

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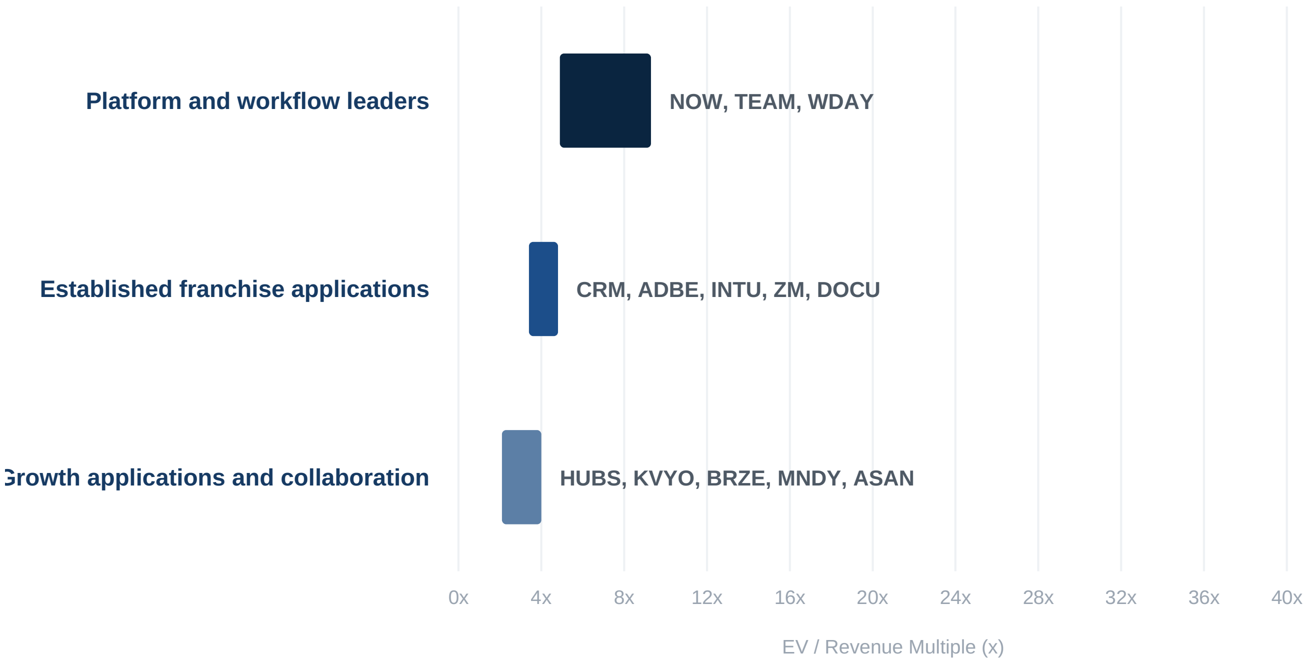
Horizontal Application SaaS: Where the Reference Has Moved

The largest segment in the set and the lowest median at 4.1x, in the narrowest interquartile band. Scale offers no protection here.

EV / Revenue Multiple Range (x)



KEY OBSERVATION

The horizontal segment is where the Rule of 40 framework does the most work. Windsor Drake's Rule of 40 benchmark report covers the repricing of seat-based software in detail; this deck takes that repricing as the starting condition.

Valuation Drivers

Growth without a retention story

Braze grew 30.2% and Klaviyo 26.4%, yet clear 4.0x and 3.2x respectively. Both disclose net revenue retention of 110% and 109%. In this segment the market is paying for the durability of the base rather than the rate of addition to it.

The retention separator

Constituents disclosing retention at or above 115% carry a 12.3x median across the full set; those disclosing under 105% carry 3.0x. Asana at 96% clears 2.2x and Freshworks at 104% clears 3.0x, against Cloudflare at 120% and Snowflake at 126%.

Scale does not defend the multiple

Salesforce clears 4.6x on $42.8bn of trailing revenue and Adobe 4.4x on $25.2bn. ServiceNow clears 9.3x on $14.7bn while growing 24.0%. Within one segment, on one day, the variance tracks growth and retention rather than revenue scale.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

Notable SaaS Transactions, 2026 Cycle

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Announced consideration from the primary announcement or SEC filing; target revenue from the target's own filing. Multiples computed by Windsor Drake.

Transaction	Value and multiple	The read
IBM / Confluent	**$11.0B · 9.4x** Closed 17 Mar 2026	**A strategic paying from balance sheet** Data streaming with 114% net revenue retention and $1,166.7m of FY2025 revenue. No leverage constraint, top-of-market multiple.
Permira, Warburg Pincus / Clearwater	**$8.4B · 11.5x** Announced 21 Dec 2025	**The sponsor bid at full stretch** A 47% premium on $731.4m of FY2025 revenue. Regulated investment accounting is the operating record for the customer.
Hg, General Atlantic / OneStream	**$6.4B · 10.6x** Announced 6 Jan 2026	**Take-private at a 31% premium** $601.9m of FY2025 revenue, $550.0m subscription. Corporate performance management sits above the credit ceiling on margin.
Salesforce / Fin	**$3.6B · not disclosed** Announced 15 Jun 2026	**Incumbent buys the agent layer** 30,000-plus customers. A strategic acquiring the AI service surface rather than building it.
Publicis Groupe / LiveRamp	**$2.2B EV · 2.7x** Announced 17 May 2026	**The lower cluster** $812.9m of revenue for the year to 31 March 2026. Data connectivity priced as an input to an agency, not as a platform.
Bending Spoons / Airtable	**$1.285B · 2.7x ARR** Announced 4 Aug 2026	**Consolidator economics** Roughly $480m ARR growing 20%. A cash acquirer of mature software assets setting the floor bid.
SoundHound AI / LivePerson	**$304M · 1.2x** Announced 21 Apr 2026	**The floor of the distribution** All-stock against $243.7m of FY2025 revenue. A decelerating seat-priced application clearing near the bottom of the realised range.

Sources: acquirer and target announcements and SEC filings; target revenue from each target's own filing or results release. Multiples computed by Windsor Drake. See appendix.

Private Equity Acquisition Patterns

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The sponsor bid has not disappeared. It has narrowed to the assets that clear the credit ceiling on margin, and withdrawn from everything below.

Platform activity at a decade low

US software private-equity deal value ran to $16.24 billion between January and May 2026, a full-year pace of roughly $39 billion against $156 billion in 2025. Platform transactions fell to 41% of software buyout value, the lowest share in a decade and down 30 percentage points year on year. Seven software platform deals above $100 million priced in that period.

The add-on has become the default structure

Add-on acquisitions accounted for roughly $18 billion, about 45% of software private-equity value in the period. An add-on is financed against the platform's existing credit facility rather than a fresh underwrite, which is precisely the structure the credit ceiling permits. Sellers should expect the sponsor bid to arrive through a portfolio company.

A holding period that has to resolve

More than 27% of software portfolio companies held by private equity were acquired five or more years ago, according to S&P Global Market Intelligence in June 2026. Bain records $1.3 trillion of global buyout dry powder with more than 40% of GP dry powder aged two years or longer, the oldest composition on record.

Model the buyer's financing, not just your comps

A sponsor's maximum bid is arithmetic: leverage multiplied by EBITDA, divided by one minus the equity share. Running that calculation for each bidder before the process starts tells a seller which sponsors can credibly compete and which are gathering information.

Margin work compounds into price

Ten points of EBITDA margin is worth roughly a full turn of revenue multiple at the ceiling. That is a larger and more controllable lever than the growth rate for most businesses inside the 15 to 30% band, where the comparable set shows the multiple flat.

Aged portfolios create motivated counterparties

A sponsor holding an asset past year five is a buyer of adjacent capability and a seller of the platform, sometimes in the same quarter. Both sides of that position are addressable in a well-constructed buyer list.

Expect the sponsor to arrive as a strategic

Sponsor-owned platforms behave and pay like strategic buyers. A buyer list split into strategic and financial columns will understate the most active category in the current market.

Sources: Gartner; IDC; McKinsey & Company; Bain & Company; BCG; PwC; EY; Goldman Sachs; PitchBook; S&P Global Market Intelligence. See appendix.

What Clears Above the Ceiling

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Metered Revenue

Revenue that scales with the customer's own activity rather than their headcount is the single strongest predictor of a premium multiple in the set.

- Snowflake **22.2x**, Datadog **20.2x**, Cloudflare **40.1x**.
- Consumption pricing keeps expanding through hiring freezes.
- Gartner places **$234bn** of enterprise application spend at risk from agentic arbitrage by 2030.
- Deloitte reports **83%** of AI-native SaaS companies already offer usage-based pricing.
- The exposure concentrates in seat-linked models.

A Renewal Base That Expands

Net revenue retention is what a lender underwrites and what a strategic acquirer diligences first.

- NRR at or above 115% carries a **12.3x** median; under 105% carries **3.0x**.
- Snowflake **126%**, MongoDB **121%**, Cloudflare **120%**.
- Bain records sector retention down roughly **8 points** since 2021.
- Asana at 96% clears 2.2x; Freshworks at 104% clears 3.0x.
- Gross retention is the floor; net retention is the price.

Ownership of the Record

Software that holds the regulated or operational book of record cannot be displaced without a migration, and buyers pay for that asymmetry.

- Samsara **12.8x**, Guidewire **10.9x**, Veeva **10.1x**.
- Clearwater cleared **11.5x** on the same characteristic.
- Migration risk, not licence cost, governs the renewal.
- Workday discloses roughly **97%** gross revenue retention.
- ServiceNow reports a **98%** renewal rate.

Margin That Reaches the Ceiling

Above roughly 40% EBITDA margin the sponsor bid re-enters and the seller regains a second category of bidder.

- A 40% margin funds **4.0x** revenue at a 50% equity cheque.
- A 45% margin funds **5.6x** at a 60% cheque.
- Deloitte records margins for top SaaS providers around **70%** in recent years.
- Margin expansion moves the ceiling; growth inside the 15 to 30% band does not.
- Two credible bidder categories is worth more than either one alone.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

The Financing Environment

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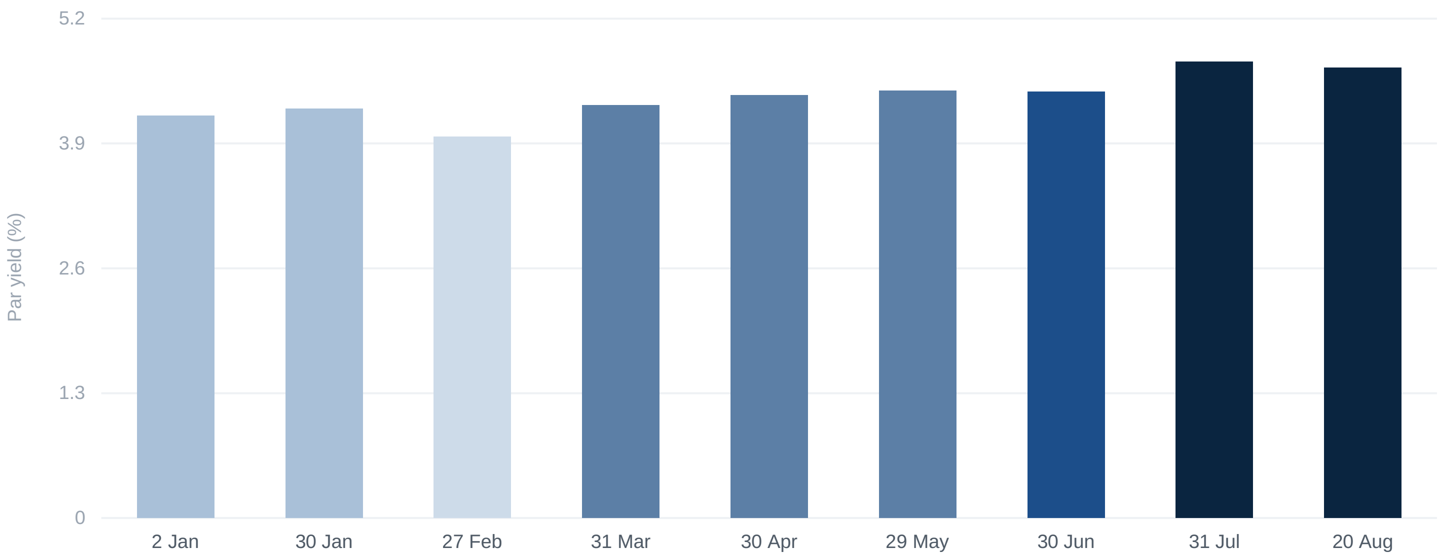
Rates have moved against duration through 2026, and software has become the largest sector concentration in the private credit market that funds mid-market software buyouts.

US 10-year Treasury par yield, 2026 (%)



FEDERAL FUNDS TARGET

3.50% to 3.75%

Held on 29 July 2026 with Hammack, Kashkari and Logan dissenting in favour of a 25bp increase.

FOMC MEDIAN, END-2026

3.8%

June Summary of Economic Projections, above the current 3.625% midpoint.

SOFTWARE IN PRIVATE CREDIT

~21%

Of private-credit issuance since 2020, and 16% of leveraged loan issuance (Federal Reserve, Aug 2026).

MEDIAN PC BORROWER

5.0x · 500bp

Debt to EBITDA and spread, on $223m median revenue. About half of software borrowers use only this market.

> The Federal Reserve and the ECB each identified software as the largest sector concentration in private credit within the same six weeks of spring 2026.

Sources: Federal Reserve; European Central Bank; US Department of the Treasury; Bank of England. See appendix.

Capital Markets: The Listing Route in 2026

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The Headline Overstates the Window

US listing proceeds look exceptional, and the strength is concentrated in very large issuers outside software.

- EY records **62** US IPOs above $50m in H1 2026.
- **12 deals** raised $1bn or more against four a year earlier (EY).
- Q2 2026 carried the highest quarterly proceeds on record (EY).
- A single aerospace listing raised **$75.0bn** in June 2026 on its own registration statement.

Enterprise SaaS Has Not Listed

Three software companies of scale priced US listings in 2026, and none is an enterprise SaaS business.

- Bending Spoons priced at $29.00 on 30 June, roughly **$18.4bn** at pricing, a consumer software consolidator.
- Liftoff Mobile priced 3 June at $23.00, raising **$437m**, in mobile advertising software.
- PayPay priced 11 March at $16.00, raising **$880m**, in consumer payments.
- EY describes enterprise software as remaining largely muted while the market assesses AI's effect on software models.

The Asset on File Tells the Story

Entrata is the clearest available read on the enterprise SaaS listing window, because its fundamentals are not in question.

- Revenue **$509.3m** in 2025, up 24%; Q1 2026 **$143.5m**, up 23%.
- Non-GAAP operating margin improved from 14% to **23%**.
- Gross retention **97%** in 2025 across roughly 2.5 million units.
- Publicly on file since 28 May 2026 with twelve underwriters and no price range set.

What This Leaves a Seller

With the listing route effectively closed to enterprise SaaS and the sponsor bid narrowed, the strategic acquirer is the route that remains open.

- Technology was 89% of TMT deal value in the first five months of 2026 (PwC).
- TMT deal values rose **48%** to $472bn while volumes fell 9% (PwC).
- BCG counts **31 megadeals** above $10bn in H1 2026 against 17 a year earlier.
- EY-Parthenon forecasts US corporate M&A volume up **11%** in 2026 with private equity flat.

Sources: Gartner; IDC; McKinsey & Company; Bain & Company; BCG; PwC; EY; Goldman Sachs; PitchBook; S&P Global Market Intelligence. See appendix.

The Windsor Drake Exit Index

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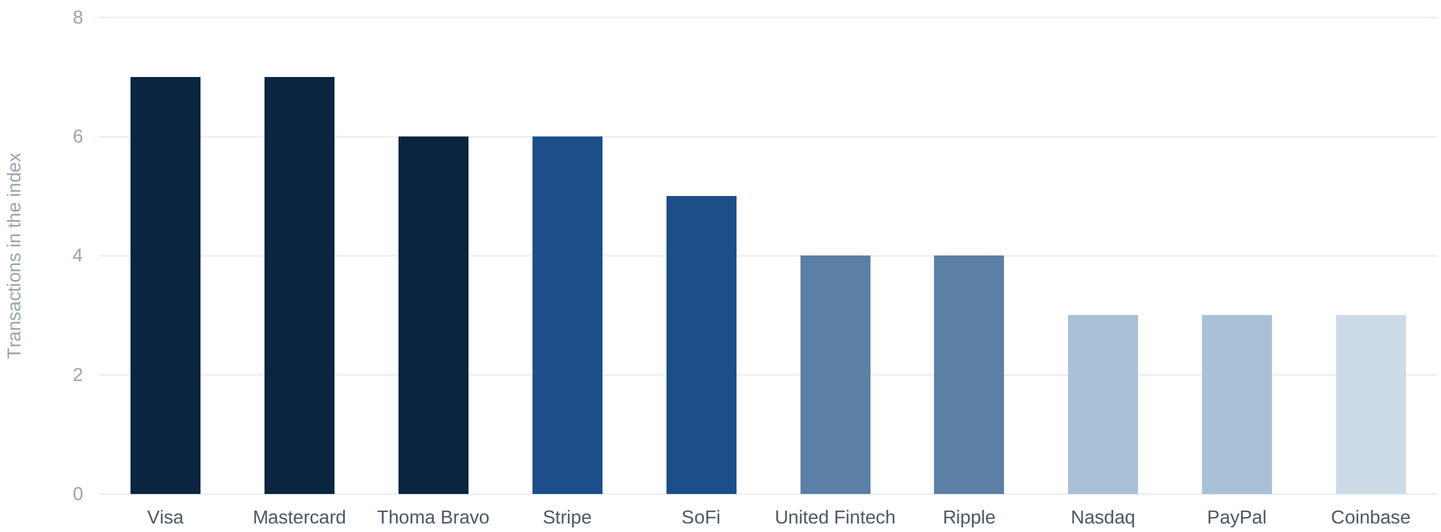
The firm's proprietary transaction record across software and financial technology M&A, each entry carrying a source URL and a confidence grade. Queried 21 August 2026.

Most active acquirers by transaction count



TRANSACTIONS

511

Sourced software and financial technology M&A, 2019 to date.

STRATEGIC ACQUIRERS

96%

Financial sponsors account for 3% and sponsor-backed strategics for 1%.

REPEAT BUYERS

25 acquirers

Have completed more than one transaction in the index. The acquirer set concentrates.

DISCLOSED REVENUE MULTIPLES

2.4x to 50.0x

Across the cycle. The 2020 and 2021 vintage sits at the top of that range and the 2026 vintage at the bottom.

> The index is the transaction record: acquirer identity, buyer type and repeat appetite. The valuation benchmarks in this deck are computed from public market data and published in full.

Source: Windsor Drake Exit Index, queried 21 August 2026.

Strategic Acquirer Mapping

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Who is buying SaaS in 2026, what each category is buying, and what that implies for how a buyer list should be built.

Platform incumbents buying the agent layer

Salesforce agreed to acquire Fin for approximately $3.6 billion in June 2026; SAP acquired Prior Labs for $1.16 billion and Dremio in May. Each is an incumbent buying the interaction surface rather than building it, from balance sheet.

Infrastructure acquirers buying the data plane

IBM completed the $11 billion acquisition of Confluent in March 2026 at 9.4x trailing revenue, and Rocket Software acquired Vertica from OpenText in February. Consumption-priced data infrastructure is bought for the plumbing beneath an AI workload rather than the application above it.

Cash consolidators buying at the floor

Bending Spoons acquired Airtable for $1.285 billion in August 2026, roughly 2.7x ARR, having listed in June. A well-capitalised consolidator of mature software assets is now a standing bid at the bottom of the market.

Rank by financing capacity first

Sort acquirers by whether they pay from balance sheet or from a fresh underwrite. That split predicts the achievable multiple better than sector adjacency does.

Look for the repeat buyer

Twenty-five acquirers in the Windsor Drake Exit Index have bought more than once. A repeat buyer moves faster and diligences to a known template.

Include the portfolio company

Sponsor-owned platforms are financing add-ons against existing facilities. They are the most active category and do not appear on a list built by sector alone.

Test the acquirer's own multiple

An acquirer trading at 4.4x cannot easily justify paying 10x. Their currency constrains your price as much as their appetite does.

Sources: acquirer and target announcements and SEC filings; target revenue from each target's own filing or results release. Multiples computed by Windsor Drake. See appendix.

Timing the Exit: A 12 to 18 Month View

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The levers that move a SaaS multiple are slow ones. A process decision reflects structural work started well before it.

Establish the reference

Months 0-3

- Build the comparable set the seller will argue from, with inputs a buyer can reproduce.
- Locate the business in the segment and growth band the comparable set actually prices.
- Compute the credit ceiling for each likely bidder from their own leverage capacity.
- Separate clean software revenue from payments and services revenue in management reporting, because blended lines price toward the lower comparable.

KEY MILESTONE

A reproducible benchmark and a financing model per bidder

Move the levers that price

Months 3-9

- Document net and gross revenue retention on a basis a diligence team will accept.
- Establish whether pricing can be metered rather than seated, and begin the shift if it can.
- Target the EBITDA margin that re-admits the sponsor bid.
- Close the reporting questions a diligence process will raise anyway, starting with cohort-level retention.

KEY MILESTONE

A retention series and a margin trajectory

Test the buyer universe

Months 9-15

- Map strategics, sponsors and sponsor-owned platforms as one ranked list rather than three columns.
- Establish which acquirers have bought this shape of asset in the last twenty-four months.
- Confirm each acquirer's currency and financing route before approaching them.
- Sequence outreach so balance-sheet buyers set the pace and the financed bidders respond to it.

KEY MILESTONE

A ranked, evidenced buyer list

Run the process

Months 15-18

- Enter with the benchmark established rather than discovered in the room.
- Hold competitive tension across categories of buyer, not just within one.
- Price against segment, retention and the specific bidder's financing capacity.
- Hold the benchmark through diligence, not only to the letter of intent.

KEY MILESTONE

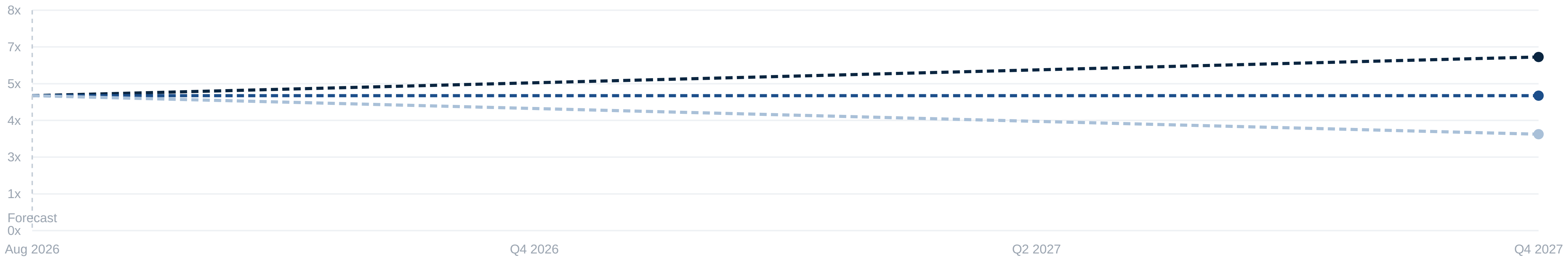
Competitive tension held to close

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

SaaS Valuation Outlook

WINDSOR DRAKE

Composite EV/Revenue for the Windsor Drake SaaS comparable set. Scenarios are the firm's own view; the current level is computed from market data.



Bull 6.3x

Key Drivers

- Core inflation holds near 2.5% and the FOMC's hawkish dissent recedes, relieving pressure on duration.
- Private credit spreads to software narrow and the platform underwrite returns, restoring a second bidder category.
- An enterprise SaaS listing prices well and reopens the route for the assets behind it.

ASSETS WITH METERED REVENUE AND RETENTION ABOVE 115% CAPTURE THE WIDEST BIDDER SET. COMPETITIVE TENSION IS AT ITS HIGHEST WHEN BOTH FINANCING ROUTES ARE OPEN.

Base 4.9x

Key Drivers

- Policy holds in the current range and the 10-year stays near 4.7%.
- Strategic acquirers remain the marginal bidder and the add-on remains the default private-equity structure.
- Dispersion by segment and by retention persists or widens.

THE BUYER'S FINANCING ROUTE DETERMINES THE OUTCOME MORE THAN THE TIMING DOES. BUILD THE EVIDENCE, MODEL THE CEILING, RUN A DISCIPLINED PROCESS.

Bear 3.5x

Key Drivers

- The dissenting hawks prevail and policy tightens against an energy-led inflation print.
- Private credit redemption pressure tightens software underwriting further.
- Agentic substitution begins to show in reported retention for seat-priced applications.

SEAT-PRICED HORIZONTAL APPLICATIONS FACE THE MOST COMPRESSION. READINESS AND EVIDENCE MATTER MORE THAN PRICE DISCOVERY.

Source: Windsor Drake computation from exchange quotes, SEC filings and reported balance sheets, 21 August 2026. Constituents named in the appendix.

Case Study: IBM and Confluent

WINDSOR DRAKE

The largest software transaction to complete in 2026, and the clearest available illustration of what sits above the credit ceiling.

The transaction

IBM acquired Confluent for **$31.00 per share** in cash, approximately **$11 billion**, announced 8 December 2025 and completed 17 March 2026. Against Confluent's reported FY2025 revenue of **$1,166.7 million**, that is **9.4x** trailing revenue.

- Confluent disclosed **114%** net revenue retention at 31 December 2025.
- Revenue grew **20.5%** in the final quarter reported as a public company.
- Consideration was cash, from the acquirer's own resources.

Why it cleared above the ceiling

A sponsor working at the Federal Reserve's median software leverage of 5.0x EBITDA could not have reached 9.4x revenue for this asset at any plausible margin. A strategic buyer paying cash faced no such constraint.

- Data streaming is metered infrastructure, not seat-priced software.
- The revenue base expands with the customer's workload, not their headcount.
- AI workloads raise rather than reduce demand for the data plane beneath them.

The read for a founder

The pricing model did the work

Consumption pricing and 114% retention placed the asset in the 9.4x to 11.5x cluster rather than the 1.2x to 2.9x one.

The buyer category set the price

Clearwater cleared 11.5x with a sponsor, on a regulated system of record. Few assets have both routes open.

The arithmetic was public on both sides

The multiple computes because Confluent filed its own revenue. A private seller brings that arithmetic themselves.

The window for balance-sheet buyers

Strategic appetite for the data plane tracks the AI build cycle, which currently runs ahead of the application layer.

Sources: Confluent Form 8-K and Form 10-K for FY2025; IBM announcement, 8 December 2025; completion 8-K, 17 March 2026. Multiple computed by Windsor Drake.

Emerging Opportunities and Buyer Trends

WINDSOR DRAKE

Four shifts a SaaS seller should account for when planning the next twelve to eighteen months.

Pricing model is becoming a diligence item

Gartner places $234 billion of enterprise application spending at risk from agentic arbitrage between now and 2030, roughly 20% of enterprise SaaS spend. Deloitte reports 83% of AI-native SaaS companies already price by usage. Buyers are beginning to diligence the pricing model itself as a durability question, not only the revenue it produces.

Balance-sheet buyers are the marginal bidder

Every 2026 software transaction that cleared above 9x revenue involved an acquirer paying from its own resources or a sponsor buying a regulated system of record. Strategic appetite is running against a narrowed sponsor bid, which is an unusual configuration and historically not a durable one.

Consolidators have set a visible floor

Bending Spoons raised roughly $1.68 billion at listing in June 2026 and deployed $1.285 billion on Airtable in August. A standing, well-capitalised bid for mature software assets puts a floor under the bottom of the market and shortens the time available to assets drifting toward it.

Metered revenue is repriceable now

The multiple gap between consumption and seat pricing is already visible in the public set. A pricing transition begun today shows in the retention series eighteen months out.

Retention work outruns growth work

In the 15 to 30% growth band the set pays a flat 6.2x. Retention separates 12.3x from 3.0x. The return on retention work is the higher of the two.

Two bidder categories beat one

Reaching the margin that re-admits the sponsor bid restores a competing buyer, and competitive tension is worth more than any single bidder's enthusiasm.

Lead times run ahead of conditions

Process lead times of twelve to eighteen months mean the decision precedes the window. Strategic appetite and a narrowed sponsor bid currently align in the seller's favour.

Sources: Gartner; IDC; McKinsey & Company; Bain & Company; BCG; PwC; EY; Goldman Sachs; PitchBook; S&P Global Market Intelligence. See appendix.

Sources: Primary and Regulatory

WINDSOR DRAKE

Primary and central bank material carries the macro and financing analysis in this deck. Every figure is attributed to an institution and a date.

Institution	Report / Source	Date
Federal Reserve	*FOMC statement, implementation note and Summary of Economic Projections*	2026-07-29
Federal Reserve	*Financial Stability Report; Statistical Release H.15*	2026-05
Federal Reserve	*FEDS Notes: Private Credit and Leveraged Loan Markets*	2026-08-11
US Department of the Treasury	*Daily Treasury Par Yield Curve Rates*	2026-08-20
European Central Bank	*Financial Stability Review, private credit special feature*	2026-05-26
European Central Bank	*Monetary policy decisions and key interest rates*	2026-07-23
Bank of England	*Monetary Policy Summary and minutes*	2026-07-30
US Bureau of Labor Statistics	*Consumer Price Index, July 2026*	2026-08-12
US Securities and Exchange Commission	*Forms 10-K, 10-Q, 8-K, 6-K, S-1 and 424(b)(4) for all named issuers*	2026-08

WHAT THE PRIMARY RECORD ESTABLISHES

The rate path

Federal funds at 3.50% to 3.75% after 29 July, three dissents for an increase. The June median projection is 3.8% at end-2026 and 3.6% at end-2027. The 10-year par yield closed at 4.69% on 20 August, up roughly 50 basis points year to date.

Software inside the credit system

Software is roughly 21% of private credit issuance and 16% of leveraged loan issuance since 2020. The median private credit borrower carries 5.0x debt to EBITDA on $223 million of revenue at a 500 basis point spread.

Sources: Institutional Research

WINDSOR DRAKE

Third-party institutions whose published data appears in this deck. House computation is separated from third-party figures throughout.

Institution	Report / Source	Date
Gartner and IDC	*Agentic AI and enterprise application spend; worldwide IT and public cloud spending forecasts*	2026-07
McKinsey & Company	*Upgrading software business models for the AI era; Global Private Markets Report 2026*	2026-03
Bain & Company	*The New Era in Tech Investing Starts Now; Global Private Equity Report 2026*	2026-04-30
BCG and KPMG International	*Mid-2026 M&A Insights; 2026 Global M&A Outlook, survey of 700 dealmakers*	2026-07-03
Deloitte	*2026 Software Industry Outlook; TMT Predictions 2026*	2026-02-12
PwC	*Global M&A trends in technology, media and telecommunications, mid-year outlook*	2026-06-23
EY and EY-Parthenon	*US IPO market trends; US deal outlook 2026*	2026-06
Goldman Sachs	*Which Software Companies Will Benefit from AI; Are Technology Stocks Cheap Now*	2026-02-18
PitchBook, S&P Global, CB Insights, LSEG	*Enterprise SaaS M&A and VC reviews; software exit outlook; State of Venture; deals intelligence*	2026-08

WHAT THE INSTITUTIONAL RECORD ESTABLISHES

Demand and spending

Gartner forecasts worldwide software spending of $1,468 billion in 2026, growth of 15.5%, against 14.2% for total IT. IDC puts public cloud spending above $1 trillion in 2026, SaaS more than half of it. Deloitte projects application software at $780 billion by 2030.

Pricing and retention

Gartner places $234 billion of enterprise application spend at risk from agentic arbitrage by 2030. Deloitte reports 83% of AI-native SaaS companies price by usage. Bain records sector retention down roughly eight points since 2021.

Methodology

WINDSOR DRAKE

How every figure in this deck was produced. Published so the analysis can be reproduced or disputed.

Institution	Report / Source	Date
J.P. Morgan	*2026 Software Market Trends, Outlook and Industry Analysis*	2026-08-20
Morgan Stanley and UBS	*CIO Survey 2026 IT budget expectations; US information technology sector view*	2026-04
Nasdaq	*Exchange quotes and market capitalisation, all listed constituents*	2026-08-21

METHOD

How the multiples were computed

Enterprise value equals market capitalisation less cash and short-term investments plus total borrowings. Market capitalisation is taken from exchange quotes on 21 August 2026 and cross-checked against the share count on each issuer's latest SEC cover page; where the two disagree the filed count is used, which applies to Atlassian, monday.com, Braze and BILL. Balance-sheet inputs and trailing twelve month revenue come from each company's most recently reported fiscal quarter. Operating lease liabilities are excluded from borrowings; Box's $500m convertible preferred is included as debt-like. No figure in this deck is licensed from a data vendor.

Screen, inclusions and exclusions

37 listed software companies were screened and 34 are included. Toast is excluded because payments processing revenue is reported gross and is not a comparable denominator. Smartsheet and Confluent are excluded from the public set because both have been acquired, and both appear instead in the transaction analysis. Segment assignment to data and infrastructure, vertical SaaS or horizontal application is the firm's judgement, published so it can be argued with.

The Credit Ceiling

A Windsor Drake framework. The financeable revenue multiple is calculated as leverage multiplied by EBITDA margin, divided by one minus the sponsor's equity share. Leverage of 5.0x debt to EBITDA is the Federal Reserve's published median for private credit borrowers as of August 2026. Equity shares of 50% and 60% bracket current market practice and are the firm's assumption. The arithmetic is deliberately simple so a founder can run it against any specific bidder.

Transactions and the Exit Index

Transaction multiples divide announced consideration by the target's own reported revenue for the period stated, taken from the target's filing or results release. Where consideration is an equity value rather than an enterprise value the slide says so. Transactions without disclosed consideration are excluded rather than estimated. The Windsor Drake Exit Index is the firm's transaction record and is used here for acquirer identity, buyer type and repeat appetite; the valuation benchmarks come from the public comparable set.