SaaS Valuations: Q3 2026

SaaS does not clear at one multiple. Windsor Drake's 34-company public comparable set, computed on 21 August 2026 from exchange quotes and reported balance sheets, carries a median **4.9x EV/Revenue**, an interquartile range of **3.9x to 7.5x** and a full range of **2.1x to 40.1x**. monday.com sits at the floor and Cloudflare at the ceiling, on the same day.

The private market clears lower, and the reason is arithmetic rather than quality. Across 2026 software transactions where both consideration and target revenue sit in the primary record, the realised median is **2.9x**. The Federal Reserve reported on 11 August 2026 that the median private-credit borrower carries **5.0x debt to EBITDA** on $223 million of revenue at a 500 basis point spread. At that leverage a sponsor funds roughly ten times the EBITDA margin in revenue multiple at a 50% equity cheque, so clearing 4.9x requires a **49% EBITDA margin**. Windsor Drake calls that constraint **the Credit Ceiling**.

What sits above the ceiling is visible in the data. Data and infrastructure software clears a **9.3x** median against **6.9x** for vertical SaaS and **4.1x** for horizontal applications. Constituents disclosing net revenue retention at or above 115% carry a **12.3x** median against **3.0x** under 105%. Growth is flat as a pricing input across the whole 15% to 30% band, where the median holds at **6.2x**, and steps to **20.2x** only above 30%.

That leaves the strategic acquirer setting the clearing price. Strategics pay from balance sheet, sit above the credit ceiling and were the buyer of record for every 2026 software transaction that cleared above 9x revenue. They account for **96%** of the 511 sourced transactions in the Windsor Drake Exit Index.

What are SaaS companies trading at in 2026?

Computed rather than licensed, from exchange quotes on 21 August 2026 and trailing twelve month revenue from each company's most recently reported quarter.

Table 1. SaaS Valuation Multiples by Segment, Q3 2026

Segment	Constituents	Median EV/ Revenue	Illustrative constituents
Data and infrastructure	8	9.3x	Cloudflare 40.1x, Snowflake 22.2x, Datadog 20.2x
Vertical SaaS	10	6.9x	Samsara 12.8x, Guidewire 10.9x, Veeva 10.1x
Horizontal application	16	4.1x	ServiceNow 9.3x, Salesforce 4.6x, Adobe 4.4x
Composite	34	4.9x	IQR 3.9x to 7.5x

Source: Windsor Drake computation from exchange quotes and SEC filings, 21 August 2026.

Read the width, not only the level. Horizontal application is the largest segment and the lowest, and within it the variance tracks retention and pricing model rather than scale. Salesforce clears 4.6x on $42.8 billion of trailing revenue and Adobe 4.4x on $25.2 billion, while ServiceNow clears 9.3x on $14.7 billion growing 24.0% and Guidewire clears 10.9x on $1.4 billion. Companies above $10 billion of revenue clear 4.7x as a group; those between $1.5 billion and $3 billion clear 6.2x.

Growth stopped paying between 15% and 30%

Table 2. Median EV/Revenue by Revenue Growth Cohort, Q3 2026

Growth cohort	Constituents	Median EV/Revenue
Above 30%	5	20.2x
20% to 30%	8	6.2x
15% to 20%	7	6.2x
10% to 15%	8	4.5x
Below 10%	6	3.6x

Source: Windsor Drake computation from exchange quotes and SEC filings, 21 August 2026.

The multiple is flat at 6.2x across both the 15% to 20% and the 20% to 30% cohorts, so ten points of growth inside that band moves the price very little. The step sits above 30%, where the median triples to 20.2x, and that cohort is almost entirely consumption-priced infrastructure: Cloudflare grew 35.9%, Datadog 35.6% and Snowflake 33.5% in their most recent quarters. For a business growing 22%, acceleration is the least efficient lever available.

Why does the private market clear below the public reference?

A private seller is paid what the buyer can finance, and that arithmetic is now visible in primary Federal Reserve data. The Credit Ceiling states it as one calculation: the financeable revenue multiple equals leverage multiplied by EBITDA margin, divided by one minus the sponsor's equity share.

Table 3. The Credit Ceiling: Financeable Revenue Multiple at 5.0x Leverage

EBITDA margin	50% equity cheque	60% equity cheque
15%	1.5x	1.9x
20%	2.0x	2.5x
25%	2.5x	3.1x
30%	3.0x	3.8x
35%	3.5x	4.4x
40%	4.0x	5.0x
45%	4.5x	5.6x

Source: Windsor Drake analysis. Leverage of 5.0x is the Federal Reserve's published median for private-credit borrowers, FEDS Notes, 11 August 2026.

Clearing the 4.9x public median requires a 49% EBITDA margin at a 50% cheque, or 39% at 60%. That is the whole explanation for the gap between a 4.9x reference and a 2.9x realised median: it is a financing gap before it is a quality gap. Every point of EBITDA margin buys roughly a tenth of a turn of revenue multiple, so ten points is worth about a full turn.

Software is the largest sector concentration in private credit

Software depends more on the market that imposes the constraint. The Federal Reserve reports software at roughly **21% of private-credit issuance** since 2020 and 16% of leveraged loan issuance, with about half of software borrowers having accessed only the private-credit market. The European Central Bank identified the same concentration in its May 2026 Financial Stability Review, within six weeks of the Fed.

The rate path compounds it. The Federal Reserve held its target range at 3.50% to 3.75% on 29 July 2026 with Hammack, Kashkari and Logan dissenting in favour of an increase, and the June projections put the median at 3.8% at end-2026, above the current midpoint. The 10-year Treasury par yield closed at 4.69% on 20 August 2026, up roughly 50 basis points year to date. A process running through 2027 should be planned against a flat-to-higher path.

What separates a premium multiple from a discount?

Three characteristics separate the top of the distribution from the bottom: the durability of the revenue base, the pricing model that produces it, and whether the software holds the customer's operating record.

Table 4. Net Revenue Retention and the Multiple, Q3 2026

Net revenue retention	Median EV/Revenue	Illustrative constituents
115% or above	12.3x	Snowflake 126%, MongoDB 121%, Cloudflare 120%
105% to 114%	Between the cohorts	Braze 110% at 4.0x, Klaviyo 109% at 3.2x
Under 105%	3.0x	Freshworks 104% at 3.0x, Asana 96% at 2.2x

Source: Windsor Drake computation from exchange quotes and SEC filings, 21 August 2026. Retention as most recently disclosed.

Retention separates the set more sharply than any other disclosed metric. Braze grew 30.2% and Klaviyo 26.4%, both above most of the set, yet clear 4.0x and 3.2x against disclosed retention of 110% and 109%. The market pays for the durability of the base, not the rate of addition to it. Bain records sector net revenue retention down roughly eight points since 2021, which is why a diligence team now underwrites the renewal book before the pipeline.

Metered revenue reprices upward, seat-based revenue downward

Revenue that scales with the customer's activity rather than their headcount is the strongest predictor of a premium multiple. Snowflake clears 22.2x, Datadog 20.2x and Cloudflare 40.1x, all consumption-priced. Gartner places **$234 billion** of enterprise application spending at risk from agentic arbitrage by 2030, roughly 20% of enterprise SaaS spend, concentrated in seat-linked models, and Deloitte reports 83% of AI-native SaaS companies already price by usage. Windsor Drake's Rule of 40 benchmark report covers that repricing in detail; this report takes it as the starting condition.

Ownership of the record is worth turns of multiple

Software holding the regulated or operational book of record cannot be displaced without a migration, and buyers pay for that asymmetry. Samsara clears 12.8x, Guidewire 10.9x and Veeva 10.1x, and Clearwater cleared 11.5x in a sponsor take-private on the same characteristic. Where the software line is blended with payments or services the multiple compresses toward the payments comparable: 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.

Who is buying SaaS companies?

The realised 2026 record clusters at two ends: three deals cleared at 9.4x to 11.5x, five at 1.2x to 2.9x, and one landed in the middle at 4.7x. The variable separating the clusters is the buyer's financing route, not the sector.

Table 5. Notable SaaS Transactions, 2026 Cycle

Acquirer / Target	Consideration	Multiple	Date
IBM / Confluent	$11.0bn cash	9.4x FY2025 revenue	Closed 17 Mar 2026
Permira, Warburg Pincus / Clearwater	$8.4bn	11.5x FY2025 revenue	Announced 21 Dec 2025
Hg, General Atlantic / OneStream	$6.4bn	10.6x FY2025 revenue	Announced 6 Jan 2026
Salesforce / Fin	$3.6bn	Not disclosed	Announced 15 Jun 2026
Publicis Groupe / LiveRamp	$2.2bn enterprise value	2.7x revenue	Announced 17 May 2026
Bending Spoons / Airtable	$1.285bn	2.7x ARR	Announced 4 Aug 2026
SoundHound AI / LivePerson	$304m all-stock	1.2x FY2025 revenue	Announced 21 Apr 2026

Source: Acquirer and target announcements and SEC filings. Multiples computed by Windsor Drake.

IBM paid $31.00 per share in cash for Confluent against $1,166.7 million of FY2025 revenue, with 114% net revenue retention disclosed at 31 December 2025. No sponsor working at 5.0x leverage reaches 9.4x revenue for that asset at any plausible margin. Clearwater is the counterexample: a sponsor reached 11.5x, at a 47% premium, on a regulated system of record with the margin to carry it. Those are the two routes above the ceiling.

The sponsor bid narrowed rather than disappeared

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. Add-ons took roughly $18 billion, about 45% of software private-equity value, because an add-on is financed against the platform's existing facility rather than a fresh underwrite. The sponsor bid now usually arrives through a portfolio company.

Behind that sits pressure to transact. More than 27% of software portfolio companies held by private equity were acquired five or more years ago (S&P Global Market Intelligence, June 2026), and Bain records $1.3 trillion of buyout dry powder, over 40% aged two years or longer.

Strategic acquirers concentrate, and they repeat

The Windsor Drake Exit Index holds 511 sourced software and financial technology transactions from 2019 to date, each carrying a source URL and a confidence grade. Strategic acquirers account for 96%, financial sponsors 3% and sponsor-backed strategics 1%. Twenty-five acquirers have bought more than once, and a repeat buyer moves faster and diligences to a known template. The 2026 pattern is legible: incumbents buying the agent layer, with Salesforce acquiring Fin and SAP acquiring Prior Labs for $1.16 billion; infrastructure acquirers buying the data plane, with IBM taking Confluent; and cash consolidators such as Bending Spoons setting a standing floor bid.

Is the listing route open to SaaS companies?

Not in practice, and the headline numbers conceal it. EY records 62 US IPOs above $50 million in the first half of 2026, with 12 deals raising $1 billion or more against four a year earlier. Three software companies of scale priced US listings in 2026 and none is enterprise SaaS: Bending Spoons at $29.00 on 30 June, roughly $18.4 billion at pricing; Liftoff Mobile at $23.00 on 3 June, raising $437 million; and PayPay at $16.00 on 11 March, raising $880 million. EY describes enterprise software as largely muted while the market assesses AI's effect on software models.

Entrata is the clearest read on the window, because its fundamentals are not the question. The multifamily property software business reported $509.3 million of 2025 revenue, up 24%, and $143.5 million in the first quarter of 2026, up 23%, with non-GAAP operating margin improving from 14% to 23% and 97% gross retention. It has been publicly on file since 28 May 2026 with twelve underwriters and no price range set.

Table 6. Financing and Transaction Conditions, Q3 2026

Measure	Level	As of	Source
Federal funds target range	3.50% to 3.75%, three dissents to raise	29 Jul 2026	Federal Reserve
Median FOMC end-2026 projection	3.8%	Jun 2026	Federal Reserve
US 10-year Treasury par yield	4.69%, up roughly 50bp year to date	20 Aug 2026	US Treasury
Software share of private-credit issuance	About 21%; 16% of leveraged loans	11 Aug 2026	Federal Reserve
Median private-credit borrower	5.0x debt to EBITDA, 500bp spread	11 Aug 2026	Federal Reserve
Technology share of TMT deal value	89%; TMT value up 48% to $472bn	First 5 months 2026	PwC
Megadeals above $10bn, first half	31, against 17 a year earlier	H1 2026	BCG

Source: As attributed per row.

With the listing route closed to enterprise SaaS and the sponsor platform bid at a decade low, the strategic acquirer is the route that remains open. PwC records TMT values up 48% to $472 billion on 9% fewer deals, the signature of larger transactions rather than more of them, and EY-Parthenon forecasts US corporate M&A

volume up 11% in 2026 with private equity flat. Strong strategic appetite against a narrowed sponsor bid is an unusual configuration, and historically not a durable one.

Key takeaways for founders

1. Two numbers govern the outcome, not one

The comparable set establishes the reference; the financing available to the likeliest buyer establishes what is payable. The public median is 4.9x and the realised 2026 transaction median is 2.9x. A seller tracking only the first negotiates against half the evidence.

2. Margin is a valuation input, not a footnote

At 5.0x leverage a 25% EBITDA margin funds about 2.5x revenue at a 50% equity cheque and a 40% margin funds 4.0x. Ten points of margin is worth roughly a full turn, and around 40% it re-admits a second bidder category.

3. Retention work outruns growth work

Constituents disclosing net revenue retention at or above 115% carry a 12.3x median against 3.0x under 105%, while inside the 15% to 30% growth band the set pays a flat 6.2x. The return on the renewal base is the higher of the two.

4. Price the pricing model, then fix it

Consumption pricing decouples revenue from the customer's headcount and carries the top of the distribution. Gartner places $234 billion of enterprise application spending at risk from agentic arbitrage by 2030, concentrated in seat-linked models. A pricing transition begun today shows in the retention series eighteen months out, when a buyer reads it.

5. Build one buyer list, ranked by financing capacity

Sort acquirers by whether they pay from balance sheet or from a fresh underwrite: that split predicts the achievable multiple better than sector adjacency. Include sponsor-owned platforms, which pay like strategics. A buyer trading at 4.4x cannot easily justify paying 10x.

6. The levers are slow, so the decision precedes the window

Repositioning pricing, margin and the retention record takes twelve to eighteen months, and a full process runs a further six to nine. Strategic appetite is strong while the sponsor platform bid sits at a decade low. A founder intending to engage the market while that configuration holds is, in practice, preparing now.

Sources

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Methodology Note

Framework. The Credit Ceiling is a Windsor Drake framework. The financeable revenue multiple is 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 11 August 2026. Equity shares of 50% and 60% bracket market practice and are the firm's assumption.

Source standard. Every figure carries an institution and a date. Macro, rate and financing figures come from primary central bank and government sources; company figures from SEC filings and results releases. No figure is licensed from a data vendor, estimated or interpolated.

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 quarter. Operating lease liabilities are excluded from borrowings; Box's $500 million convertible preferred is treated as debt-like.

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 appear instead in the transaction analysis. Segment assignment is the firm's judgement, published so it can be argued with.

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 table says so. Transactions without disclosed consideration are excluded rather than estimated. The Windsor Drake Exit Index, queried on 21 August 2026, is used for acquirer identity, buyer type and repeat appetite.

Synthesis and attribution. The analysis, the segment assignments, the Credit Ceiling arithmetic and the conclusions drawn from them are Windsor Drake's own. Third-party figures are attributed inline and listed above. The comparable set and every transaction multiple are the firm's computation from primary market data, published in the paired deck constituent by constituent.