

Software Company Valuation Multiples: 2026

This report covers the whole software market, not only the subscription part of it. Windsor Drake's comparable set of **58 listed software businesses**, computed on 21 August 2026, carries a median of **4.7x EV/Revenue**, a quartile band of **3.0x to 7.6x** and a full range of **0.33x to 22.1x**. It deliberately includes perpetual licence, on-premise, engineering and design, vertical and services-heavy businesses, because a public SaaS screen removes them and they are the majority of the listed market. **33 of the 58** carry material licence, maintenance or on-premise revenue.

The central finding is that the revenue model does not price. Across the 50 constituents disclosing a revenue split, the share of revenue from professional services, hardware, transaction or data fees correlates with EV/Revenue at **-0.09 on ranks**. The four mix bands sit within **0.4x** of one another: 4.9x below 5% non-software revenue, 4.7x at 5 to 20%, 4.5x at 20 to 40% and 4.7x above 40%. A variable moving from zero to 85% buys nothing. Windsor Drake calls this **The Mix Illusion**.

What prices instead is growth, category and scale, in that order. Growth correlates with the multiple at **+0.59**, three times gross margin and six times mix. Median EV/Revenue runs 2.0x below 5% growth and 8.6x above 20%, and engineering and design software clears **7.8x** against **3.6x** for horizontal application software. Two companies with identical financials and identical revenue models can sit four turns apart on what the software does.

The 2026 transaction record agrees. Of the seventeen largest software acquisitions announced or closed in the year to 21 August, **nine had targets that were not pure subscription businesses**, including Brink's and NCR Atleos at \$6.6B, Thoma Bravo and Dayforce at \$12.3B and NEC and CSG Systems at \$2.9B. Buyers with full diligence access paid for licence, services and transaction revenue at scale, in a year when sponsor platform buyouts fell to a decade low.

What are software companies trading at in 2026?

The table below is computed rather than licensed. Enterprise value equals market capitalisation plus total debt less cash, struck between 19 and 21 August 2026, over trailing twelve month revenue. Category assignment is Windsor Drake's and every constituent is named in the methodology note.

Table 1. EV/Revenue by Software Category, August 2026

Category	Constituents	Median EV/Revenue	Observed range
Engineering and design	5	7.8x	6.1x to 15.0x
Data and infrastructure	10	5.2x	1.9x to 22.1x
Vertical and industry	23	5.1x	0.65x to 12.7x
Horizontal application	20	3.6x	0.33x to 20.1x
All software	58	4.7x	0.33x to 22.1x

Source: Windsor Drake computation from market capitalisation, reported balance sheets and company revenue disclosures, 21 August 2026. All 58 constituents are named in the methodology note.

Read the spread as well as the level. The engineering and design median sits **4.1x of revenue** above the horizontal application median, and the set runs a 67-fold spread from Unisys at 0.33x to Snowflake at 22.1x. Vertical and industry software carries the widest dispersion, 0.65x to 12.7x, which measures how differently the market prices owning the system of record for an industry against selling software into one.

Horizontal application software holds the floor at 3.6x. It is the category most exposed to agentic AI substitution and the closest to the pure subscription archetype most SaaS benchmarks are built from, so an owner measured against a SaaS screen is measured against the weakest part of the software market.

What separates licensed software from SaaS on the multiple?

Very little, and what separation exists runs opposite to the received view. Grouping the 58 constituents by how each business was built rather than what it sells produces the following.

Table 2. EV/Revenue by Delivery Heritage, August 2026

Delivery heritage	Constituents	Median EV/Revenue	Median growth	Median gross margin
Hybrid licence and cloud	26	5.2x	11.9%	65.5%
Cloud native	25	4.7x	15.4%	77.6%
Licence and maintenance led	7	2.5x	5.8%	n/a

Source: Windsor Drake computation from market capitalisation, reported balance sheets and company revenue disclosures, 21 August 2026.

Hybrids clear **5.2x** against **4.7x** for cloud-native businesses while growing more slowly, 11.9% against 15.4%, and carrying **12 points less gross margin**. They are lower on every input the SaaS orthodoxy prizes and higher on price. The seven licence-led names clear 2.5x, but their median growth is 5.8%, and Cadence Design Systems sits in that group at **15.0x on 14.7% growth**. The divider is growth, not delivery method.

Where the effect does appear

Inside vertical software the picture reverses: cloud-native vertical businesses clear **6.8x** against **4.4x** for vertical hybrids. This is stated because it cuts against the headline. The mix effect is absent across the market as a whole rather than everywhere within it, so a vertical software owner should expect a buyer to raise it.

Gross margin is not the proxy it is treated as

Gross margin correlates with EV/Revenue at only **+0.20**. The lowest margin quartile clears 3.0x and the highest 5.9x, under three turns across a forty point range. Adobe runs an **89.4% gross margin and clears 4.4x**; Manhattan Associates runs **55.8% and clears 10.7x**; monday.com runs 89% and clears 2.2x. Twenty points of gross margin given to a services line does not cost a corresponding share of the multiple.

What does a large professional services line actually cost?

Measurably nothing, across this set. Non-software revenue is professional and managed services plus hardware plus transaction, data and other non-software lines, from each company's own disaggregation-of-revenue note. The 50 constituents disclosing a split produce four bands that do not separate.

Table 3. EV/Revenue by Share of Revenue That Is Not Software, August 2026

Non-software revenue share	Constituents	Median EV/Revenue
Under 5%	16	4.9x
5% to 20%	17	4.7x
20% to 40%	8	4.5x
Above 40%	9	4.7x

Source: Windsor Drake computation from company disaggregation-of-revenue disclosures and market data, 21 August 2026. 50 of 58 constituents disclose a split.

The nine constituents earning more than 40% of revenue from services, hardware or transaction fees clear a **4.7x** median, identical to the whole 58, and within that group growth explains the dispersion. Fair Isaac earns 63% from something other than software, grows 24.1% and clears **12.6x**. Amdocs earns 66%, grows 0.1% and clears **1.6x**. Unisys earns 83%, shrinks 0.6% and clears **0.33x**. Low margin is survivable: Tyler Technologies runs 47.2% and clears 6.1x, AppFolio earns 76% from value-added services and clears 7.3x, and Guidewire clears 10.6x with an 18% services line.

The one real exception, and why it is arithmetic

Toast clears **2.75x** carrying 85% payment-processing revenue at a **26.8% blended gross margin**, the lowest in the set. Revenue passing through at near-zero margin dilutes a revenue multiple mechanically, because the denominator grows without economics attached. That is gross revenue accounting rather than a valuation

judgement about services, and it applies to payment pass-through, not to implementation, maintenance or managed services earned at a normal margin.

If the revenue model does not price, what does?

Rank correlations across the same 58 constituents on the same day put the variables in order, and the ordering matters more than the precise coefficients.

Table 4. Rank Correlation with EV/Revenue, August 2026

Variable	Rank correlation	Reading
Revenue growth	+0.59	The only variable with real explanatory power
Scale (log revenue)	+0.27	Bigger prices better, but modestly
Gross margin	+0.20	Under three turns across a forty point range
Non-software revenue share	-0.09	Indistinguishable from no relationship

Source: Windsor Drake computation from market capitalisation, reported balance sheets and company revenue disclosures, 21 August 2026. 58 constituents.

Sorting by growth produces the widest spread in the data. Median EV/Revenue runs **2.0x below 5% growth, 3.8x at 5 to 10%, 5.6x at 10 to 20% and 8.6x above 20%**. Moving from under 5% growth to above 20% is worth **6.6x of revenue multiple**; moving from zero non-software revenue to above 40% is worth -0.2x. A licence-heavy business growing at 20% outprices a subscription business growing at 3%.

Scale prices separately and modestly. Businesses above \$5B of revenue clear 6.2x on a 4.5x to 8.7x band, the 35 constituents between \$1B and \$5B clear 4.7x, and the eight below \$1B clear 3.3x. The scale premium is **1.9x** against **4.3x** for growth. A private software business at \$20M of revenue sits below that range, and the gap is a liquidity and diligence discount.

What earns a premium when mix does not

The constituents at the top share characteristics, none of which is a billing label. They hold the data a customer's operations run on, so replacement is a project: Cadence and Synopsys sit inside the semiconductor design flow at 15.0x and 9.7x, and Manhattan Associates runs supply chain execution at 10.7x on 6.5% growth. They carry revenue that compounds with a customer's own volume, as Snowflake and Datadog do at 22.1x and 20.1x. Or they hold a regulatory position, as Fair Isaac does.

Who is buying software businesses in 2026?

The year's league table is markedly less pure-SaaS than the commentary around it. Of the seventeen largest software acquisitions announced or closed in 2026 to 21 August, nine had targets carrying material licence, on-premise, services, hardware or transaction revenue.

Table 5. Selected 2026 Software Acquisitions With Non-Subscription Targets

Acquirer and target	Value	What the target carried
Palo Alto Networks / CyberArk	\$25B	19% of FY2025 revenue was maintenance and services
Thoma Bravo / Dayforce	\$12.3B	15.5% professional services, 10.1% float revenue
IBM / Confluent	\$11B	Self-managed term licence and support outside Confluent Cloud
Brink's / NCR Atleos	\$6.6B	FY2025 service revenue of \$3.324B against product of \$1.030B
Hg / OneStream	\$6.4B	On-premise CPM heritage, \$34.2M of professional services
NEC / CSG Systems	\$2.9B	Telecom BSS with licence, hosted and managed services
Caterpillar / RPMGlobal	c.\$728M	Perpetually licensed mining simulation software

Source: Company announcements and SEC filings; PwC, Global M&A Trends in TMT, June 2026; S&P Global Market Intelligence deal tracker, February 2026. Revenue figures are as filed. Multiples are not stated where deal values sit on inconsistent bases.

Two deserve emphasis. Brink's agreed to acquire NCR Atleos for \$6.6B in February 2026, a target reporting **FY2025 revenue of \$4.354B of which service was \$3.324B**. Cadence closed the acquisition of Hexagon's MSC Software portfolio in February 2026 for roughly EUR 2.7B, an asset Hexagon described as still transitioning to subscription nine years on.

The sponsor market changed shape, and it favours a specific seller

US software private equity deal value reached **\$16.24B in the five months to May 2026**, against **\$156B for the whole of 2025**, per PitchBook. Platform deals fell to 41% of software private equity value, down thirty points year on year, while add-ons rose to roughly **45% of software deal value**. An add-on is underwritten against an existing platform's synergies rather than a standalone SaaS comp screen, and a platform buying capability values an implementation team it does not have to build.

The capital and the pressure to deploy it are both in place. Bain & Company puts global buyout dry powder at **\$1.3 trillion**, near a record, against roughly 33,000 unsold sponsor-owned companies, 34% held more than five years. Financing has not tightened: the ICE BofA US High Yield spread stood at **2.73% on 19 August 2026** after widening to 3.46% in March.

What is the market backdrop for a software exit?

The exit route is M&A rather than a listing. EY recorded a record second quarter for global IPO proceeds, **195 global IPOs raising \$136.0bn**, but observed that enterprise software 'remained largely muted as the market continues to assess the impact of AI on software business models'. PwC measured technology deal value at **\$420bn in the first five months of 2026, up 67% year on year**, 89% of all TMT deal value.

The repricing came early and has only partly retraced. Median enterprise SaaS EV/Revenue fell from **4.9x at the end of 2025 to 3.3x in the first quarter of 2026** per PitchBook, erasing roughly \$1 trillion of aggregate SaaS market capitalisation. Spreads and loan prices have since retraced; the multiple has not. Demand never followed it down: Gartner raised its 2026 software spending forecast three times, to **\$1.468 trillion and 15.5% growth**. That gap is the argument a well-prepared seller makes.

What should founders of non-SaaS software businesses do now?

The work runs twelve to eighteen months ahead of a process, and most of it is evidence rather than restructuring. Fix the comparable set first: build it from the whole software market rather than a SaaS screen, compute every multiple from filings and closing prices, identify the three or four constituents the business genuinely resembles, and establish the category median before anyone quotes one from a different distribution.

Then evidence the growth line. Separate growth by revenue line, build cohort retention and expansion by vintage, document bookings to revenue conversion with the lag stated, and test whether growth holds without the largest customer. Reframe services as capability: report services margin separately, and quantify implementation as an asset a buyer would otherwise build.

The rest is process discipline: open on category and growth, anchor on the whole-market band, and keep more than one credible buyer in the room to the end. Sponsors hold committed capital with a clock running, and the listed multiple has retraced less than the credit that finances it.

Key takeaways for founders

1. Stop discounting yourself for your revenue model

Across 58 listed comparables the discount owners concede before a process begins does not exist. Non-software revenue share correlates with EV/Revenue at -0.09 on ranks, the four mix bands sit within 0.4x, and licence-and-cloud hybrids clear 5.2x against 4.7x for cloud-native businesses.

2. The comparable set you are shown is usually the wrong one

Public SaaS comp sheets screen out the businesses this report covers. 33 of 58 constituents carry licence, maintenance or on-premise revenue, so a vertical software company with a 30% services line is the median of

the software market, not an outlier. A discount applied against a set that excludes your model is an artefact of the screen.

3. Gross margin is not the argument it is treated as

Gross margin correlates with the multiple at +0.20. Adobe runs 89.4% and clears 4.4x; Manhattan Associates runs 55.8% and clears 10.7x; Tyler Technologies runs 47.2% and clears 6.1x, above the all-software median.

4. Category is doing the work mix is blamed for

Engineering and design software clears 7.8x and horizontal application software clears 3.6x. Vertical and industry software spans 0.65x to 12.7x, the widest band in the set. What the software is for moves the price far more than how it is billed.

5. Growth is still the variable that pays

Median EV/Revenue runs 2.0x below 5% growth and 8.6x above 20%, a 6.6x spread wider than mix, margin, category and scale combined. Growth correlates at +0.59. The evidence behind the growth line is what a process is built on.

6. The 2026 buyer record favours this seller, and it is dated

Nine of the seventeen largest software acquisitions of 2026 to 21 August had targets that were not pure subscription businesses. Sponsors hold \$1.3 trillion of dry powder against roughly 33,000 unsold portfolio companies, and add-ons carry 45% of software deal value. Software spending is forecast to grow 15.5% while the median multiple sits below where it began the year.

Sources

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- [PitchBook, Q1 2026 Enterprise SaaS Public Comp Sheet, April 2026](#)
- [PitchBook, Software platform buyouts fall to decade low, June 2026](#)
- [Bain & Company, Global Private Equity Report 2026](#)
- [S&P Global Market Intelligence, Software debt sell-off, March 2026](#)
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- [Gartner, Worldwide IT Spending Forecast, July 2026 update](#)
- [Federal Reserve and FRED, series BAMLH0A0HYM2, August 2026](#)
- [McKinsey & Company, 2026 M&A Trends, February 2026](#)
- [Boston Consulting Group, Global M&A Rebound, July 2026](#)
- [US Securities and Exchange Commission, filings for all 58 constituents](#)
- [Thoma Bravo, Dayforce announcement and completion, August 2025 and February 2026](#)

- [Brink's, agreement to acquire NCR Atleos, February 2026](#)

Methodology Note

Framework. The Mix Illusion is a Windsor Drake framework. Non-software revenue share is professional and managed services plus hardware plus transaction, data and other non-software lines, over total revenue, taken from each company's own disaggregation-of-revenue note. Category and delivery heritage are the firm's classification.

Source standard. Third-party inputs are restricted to top-tier institutions: the major consultancies, elite data houses, and primary regulatory and filing sources. Licensed vendor multiple tables are used nowhere here. Every multiple, band median and correlation is Windsor Drake's own computation; institutions are cited for market context.

How the multiples were computed. Enterprise value is market capitalisation plus total debt less cash, struck between 19 and 21 August 2026, over trailing twelve month revenue from the most recently reported quarter. 62 companies were screened and 58 included. The all-constituent median is 4.66x, reported as 4.7x.

Constituents. ACI Worldwide, Adobe, Agilysys, Alarm.com, Amdocs, AppFolio, Atlassian, Autodesk, Bentley Systems, Blackbaud, Box, Braze, CCC Intelligent Solutions, Cadence Design Systems, Commvault, Datadog, DocuSign, DoubleVerify, Dropbox, Elastic, Fair Isaac, GTM, GitLab, Guidewire Software, Health Catalyst, HubSpot, Jack Henry & Associates, Klaviyo, Manhattan Associates, MongoDB, monday.com, NICE, NetScout Systems, Open Text, Oracle, PAR Technology, PTC, Pegasystems, Procore Technologies, Progress Software, Q2 Holdings, Roper Technologies, SAP SE, SS&C Technologies, Salesforce, Samsara, ServiceNow, ServiceTitan, Snowflake, Synopsys, Teradata, Toast, Tyler Technologies, Unisys, Veeva Systems, Workday, Zoom Communications and nCino.

Exclusions, each with its reason. Microsoft, because it publishes no software revenue disaggregation and the majority of revenue is cloud infrastructure, devices, gaming, advertising and search. Clearwater Analytics, Verint and Sapiens, because each was acquired between November 2025 and June 2026 and its price is frozen at the last trading day. Eight constituents report a single undifferentiated revenue line and are held out of the mix analysis while retained in the medians.

Synthesis and attribution. This is one cross-section on one day and correlation is not causation, so the finding is the ordering of the variables and the size of the gaps. Within vertical software the cloud-native cohort clears the higher median, 6.8x against 4.4x, stated because it cuts against the headline. Private software transactions clear at a discount to listed multiples that widens with customer concentration, owner dependence and the absence of audited accounts.