

```
mirror_ob.select=1
modifier_ob.select=1
context.scene.objects.active = mirror_ob
("Selected" + str(modifier_ob.name))
mirror_ob.select = 0
bpy.context.selected_objects = [mirror_ob]
data.objects[one.name].select_set(1)
print("please select exactly one mirror")

OPERATOR CLASSES

types.Operator):
X mirror to the selected
object.mirror_mirror_x"
mirror_x"

next):
tive_object is not
```

SOFTWARE Q1 MARKET UPDATE

January to March 2025

BLUE RIVER
FINANCIAL GROUP

Table of Contents

Contents:

Firm Overview	3
M&A Insight from Kyle Rutz	4
Market Overview	7
Market Performance	12
Public Companies	17
Industry Acquisitions	19
Contacts	26



Firm Overview



Founded in 2002, Blue River Financial Group is a middle market merger and acquisition advisory firm. We assist corporations, private equity groups and individuals in the sale and acquisition of businesses, and have completed assignments in multiple business segments. With over 20 years of experience spanning across 50 global industries, Blue River provides a suite of services to middle market clients including corporate development, private equity support, valuations and transaction consulting, placing a premium on relationship-centered transaction counsel and client focus.

Our Services



**BUY-SIDE
M&A ADVISORY**



**SELL-SIDE
M&A ADVISORY**



**CORPORATE
VALUATIONS**

INDUSTRY INSIGHT



By: Kyle Rutz
Director & Software
Industry Leader

M&A Activity In The SaaS Space

Mergers and acquisitions activity in the software sector has remained strong over recent years, driven by consistent demand across key verticals such as cybersecurity, financial applications, DevOps, data management, and analytics. The market's resilience is indicated by enduring fundamental drivers, including consistent demand for software solutions - particularly Software-as-a-Service (SaaS) offerings - from key sectors such as healthcare, sales and marketing, industrial operations, and communication services. In Q1 2025, M&A activity in the SaaS sector improved both sequentially and year-over-year.

Once again, large acquisitions from private equity firms dominated the landscape. In the quarter, Smartsheet, SolarWinds and Zuora all announced or completed take-private deals with private equity firms. With the macroeconomic uncertainty affecting public equity valuations in recent months, we may see more of these deals continue, fueling sector M&A.

Fundamentally, the software sector is expected to sustain solid growth, fueling acquisition demand to expand product offerings, acquire talent and consolidate fragmented sub-segments. In the US, the Software Publishing market is projected to grow from \$510.8 billion in 2024 to \$587.8 billion by 2029, at a CAGR of 2.8%, according to IBIS World, reflecting the significant growth opportunities for SaaS companies. This steady growth underscores the ongoing expansion and promising opportunities within the SaaS sector.

After bottoming out in Q2 2023, SaaS M&A deal volume has increased sequentially in six of the last seven quarters, reaching 308 deals in Q1 2025. This marked the most active quarter since Q4 of 2021, when 410 deals transacted. Further, the total implied value of private equity and venture capital deals in the SaaS sector across M&A and minority stake investments reached \$400 billion, the highest since Q2 2023.

Still, the sector is not immune to macro uncertainties such as the global trade war and the slowing domestic growth outlook. Expectations for the Federal Reserve to cut interest rates deeply have not materialized and actual cuts have been much shallower than prior expectations

M&A INSIGHT

By: **Kyle Rutz**
Director & Software
Industry Leader

Although middle market firms may be more insulated from international markets as they are likely to derive a greater share of revenue domestically than larger multinationals, they may not be immune to the knock-on economic effects of a global trade war and domestic federal spending cuts. These dislocations may create opportunities for well-capitalized buyers to extend the strong streak of M&A, giving them the opportunity to acquire quality businesses at slightly lower valuations.

We still expect strong deal trends to continue in 2025, with near-record amounts of dry powder held by private equity firms on the sidelines waiting to be deployed. Software, and especially SaaS, remains among the most active M&A destinations for that capital. We expect to see more deals focused on AI and data analytics, especially for vertical applications of these technologies, while a continued focus on cybersecurity also remains an active M&A trend.



Summary

Mergers and acquisitions (M&A) in the software sector have remained robust, driven by strong demand across key verticals like cybersecurity, financial applications, DevOps, data management, and analytics. In Q1 2025, M&A activity in the Software-as-a-Service (SaaS) sector improved both sequentially and year-over-year, with large private equity acquisitions such as Smartsheet, SolarWinds, and Zuora. The sector remains attractive for private equity firms, with a focus on AI, data analytics, and cybersecurity expected to drive future deals.



Kyle Rutz, Director & Software Industry Leader

Kyle Rutz brings significant experience in the Technology & Software space. Kyle received his B.A., Humanities Pre-law from Michigan State University and his MBA from Northwood University, DeVos Graduate School.

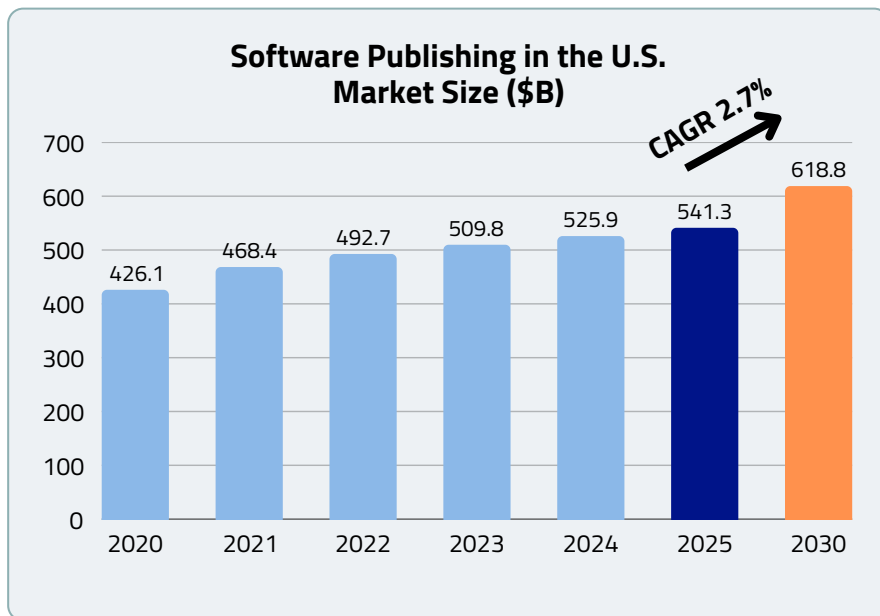
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MARKET OVERVIEW



Trends in Software M&A

Software Market Size Outlook



Our Take:

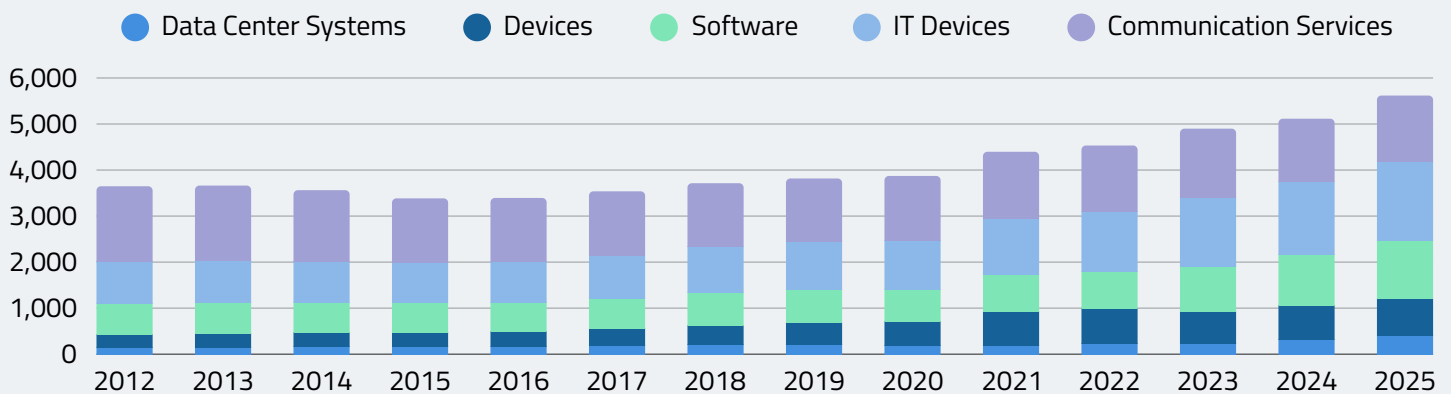
- The software market in the U.S. is expected to keep growing at a consistent clip, fueled by consistent demand for digitization and price increases for subscription offerings.
- The longer-term CAGR appears a bit muted at just 2.7%, but this masks rapid expansion of high-growth areas such as artificial intelligence, data analytics and machine learning, offset by legacy areas.



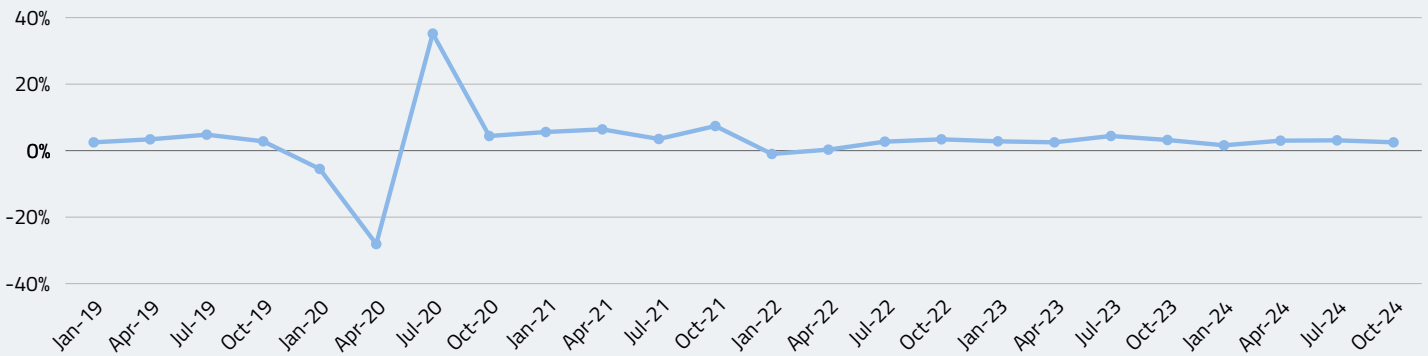
Trends in Software M&A

Software Macro Drivers

Global IT Spending by Segment



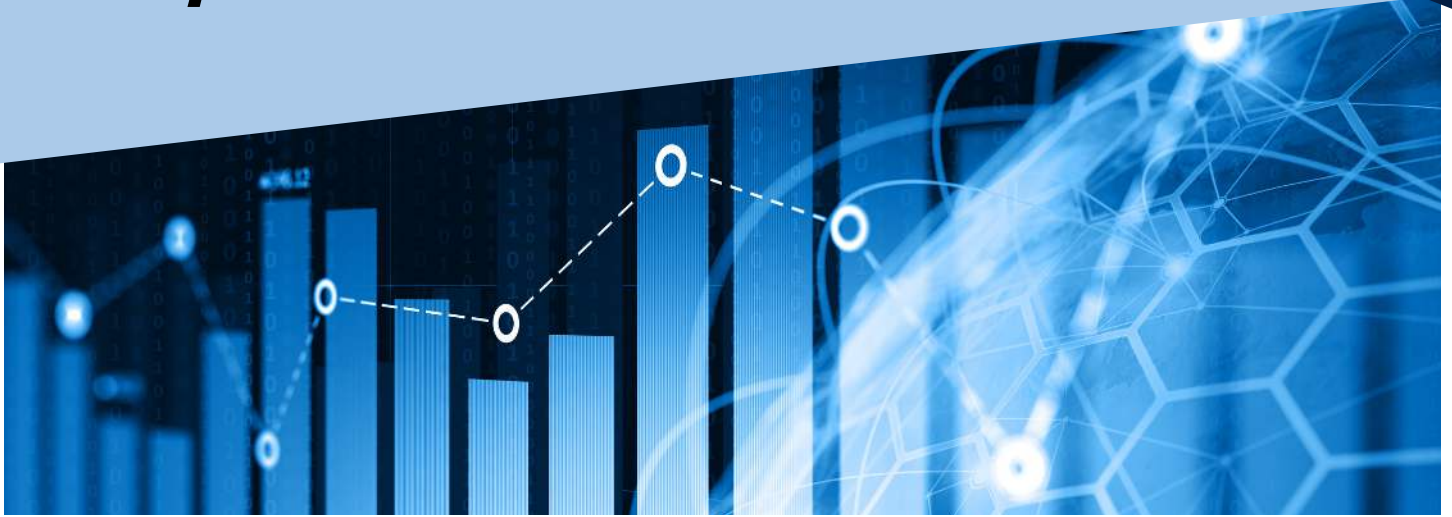
Real GDP Growth



Our Take:

- Global IT spending is forecast to maintain strong growth, supporting software demand. However, concern over the geopolitical climate and trade policies muddies the outlook.
- Similarly, the growth outlook for the U.S. economy is softening with recession odds increasing amid the impact of trade policies and spending cuts.
- A softening macro growth outlook is a net negative for the demand environment for software, as some customers may defer investments until the outlook improves.

Key Trends



IT Spending

Global information technology (IT) spending on devices, including PCs, tablets, mobile phones, printers, as well as data center systems, software, and communications services came to \$5.1 trillion in 2024. By 2025, IT spending is expected to increase by 9.8% to a staggering \$5.6 trillion worldwide.

Largest Investments

Both IT services and communication services receive the largest amount of investment, as these segments include a large array of different services and tools that remain cornerstones to different business functions.

Key Drivers

IT spending is expected to grow across segments, driven by digital transformation through AI, process automation, and cloud adoption.

Server Sales

Server sales are expected to increase exponentially in the coming years led by spending in generative AI, as data centers are re-architected for accelerated compute to support AI workloads.

Real GDP Growth Rate

The U.S. real GDP growth rate was stable at 2.5% in Q4 2024, supported by increases in consumer spending, business investment, exports, and federal government spending.

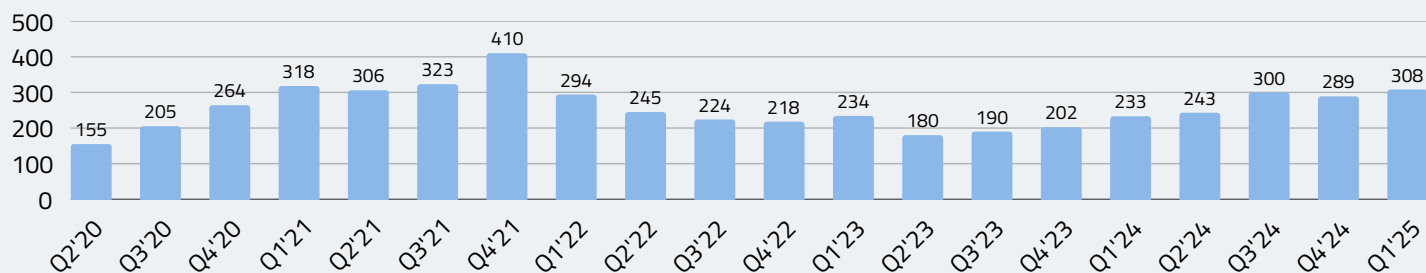
Correlations

The real GDP growth positively correlates with global IT spending, as higher economic activity drives technology adoption to support efficiency and innovation.

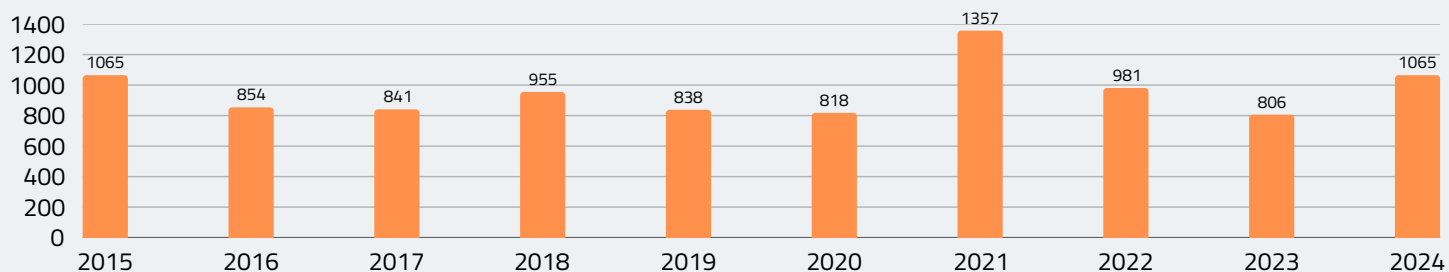
Trends in Software M&A

Industry M&A Trends

SaaS M&A Past 20 Quarter Comparison



SaaS M&A 10 Year Comparison



Our Take:

- The number of SaaS mergers and acquisitions reached a 13-quarter high in Q1 2025, with 308 deals announced.
- After SaaS M&A bottomed out in 2023, the number of deals in the sector has increased sequentially in six of the last seven quarters.
- There remains significant dry powder on the sidelines earmarked for the SaaS industry across both PE and VC, which we believe supports the outlook for M&A activity to remain robust over the coming years.

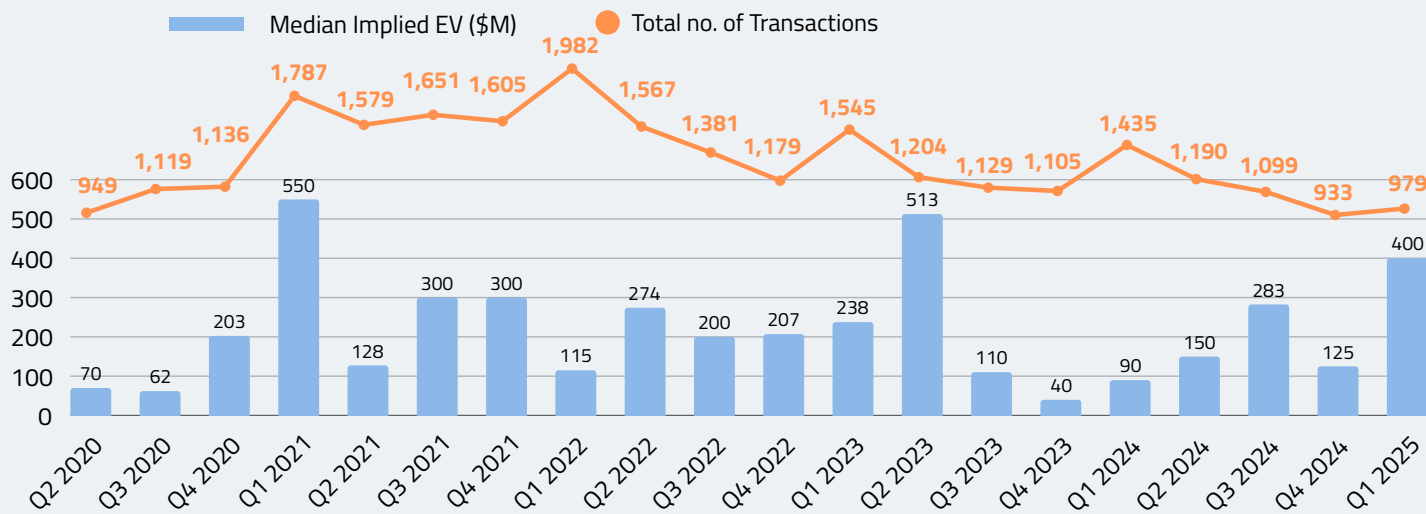
MARKET PERFORMANCE



Software Market Performance

PE and VC SaaS Trends

SaaS PE/VC M&A Past 20 Quarter Comparison

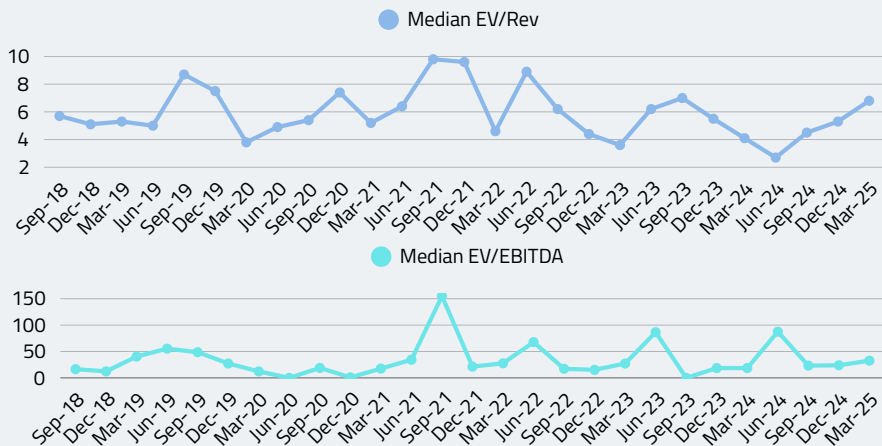


Our Take:

- The volume of SaaS deals supported by financial sponsors – private equity and venture capital firms – has continued to trend downward from a heightened period in 2021-2022. However, the deal count increased sequentially in Q1 2025.
- Notably, the total implied value of deals led by financial sponsors has steadily increased the last few years, and Q1 2025 marked an eight-quarter high for deal value.
- Although this was fueled by a smaller set of large deals, it shows investment activity remain robust.

Middle Market M&A Comps Data

SaaS Middle Market Multiples

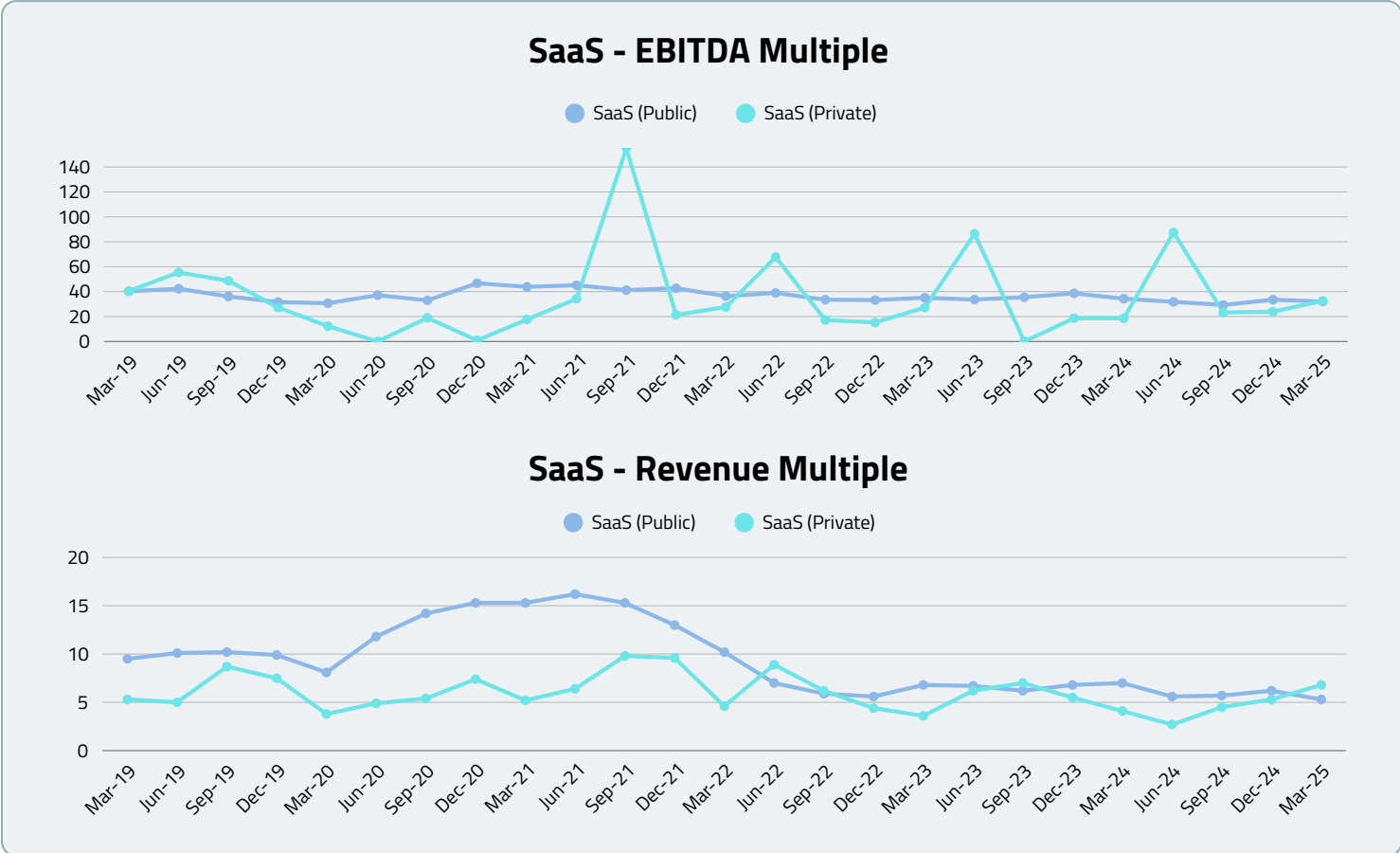


Our Take:

- Multiples for middle market SaaS transactions expanded for a second consecutive quarter in Q1 2025 despite broader macro weakness.
- We believe this reflects a trend we've seen in the last few quarters of a flight to quality and more profitable businesses that justify higher multiples.

Software Market Performance

Public vs. Private Comps

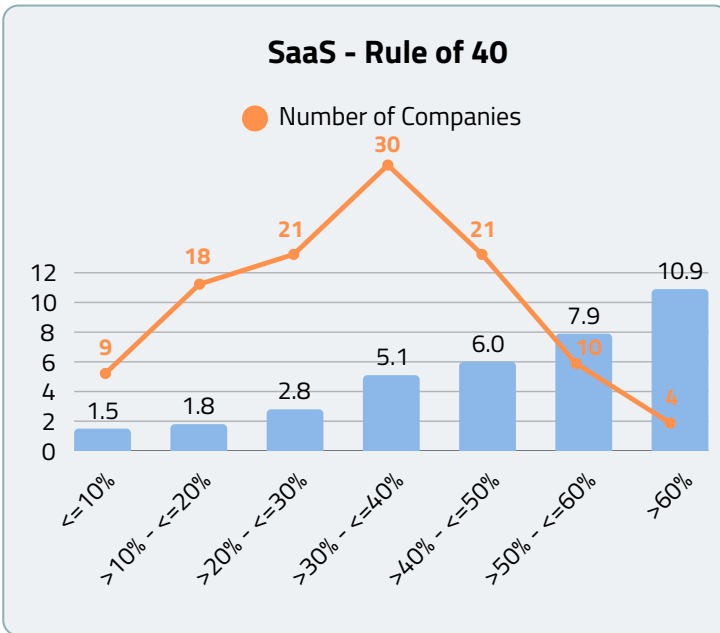


Our Take:

- Middle market EBITDA multiples for SaaS transactions expanded in Q1 2025, bucking the trend of publicly listed SaaS companies who saw multiples contract amid a broader market selloff.
- A similar trend is noticeable in revenue multiples.
- Middle market SaaS companies’ fundamentals tend to be more insulated from geopolitical and trade tension, as middle market firms tend to derive a higher share of their revenue and profit domestically, whereas larger, public firms tend to be more exposed abroad.

Software Market Performance

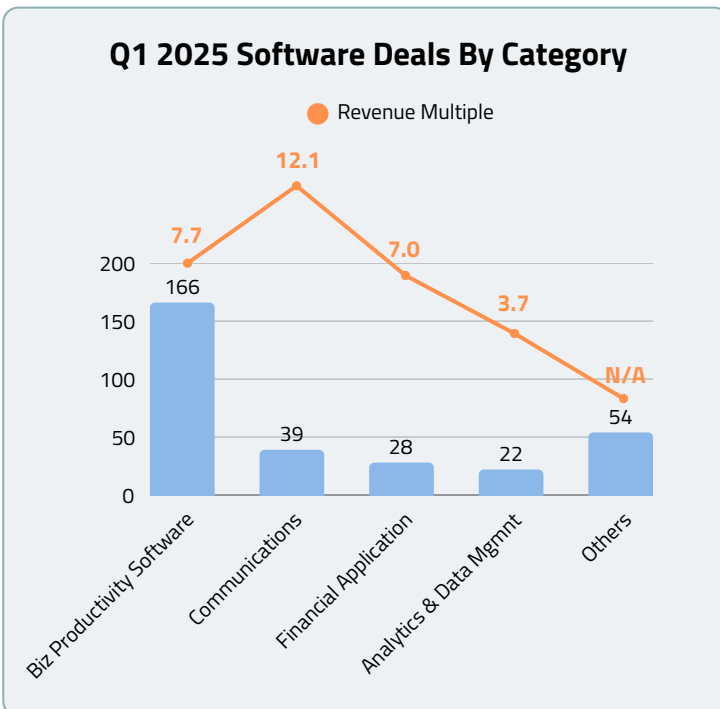
Rule of 40 Analysis



Our Take:

- The Rule of 40 is a SaaS investing rule that a SaaS company's revenue growth rate plus its profit margin should exceed 40%. Companies that are growing faster can thus operate with lower margins as they invest in growth.
- In Q1 2025, you can see that the companies that meet or exceed the 40% threshold trade at higher multiples than those below it.
- Of the 113 public SaaS companies we track, 35, or 31%, meet or exceed the rule of 40.

Software Deals & Multiples By Category

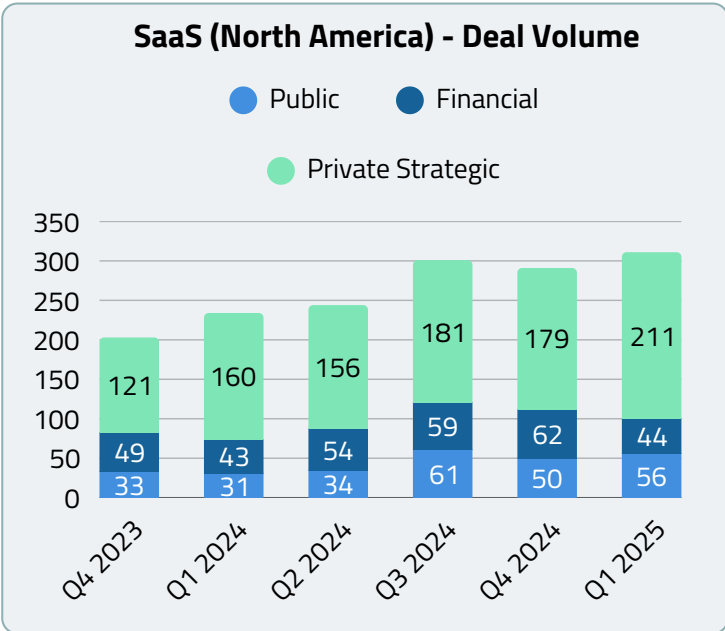


Our Take:

- Business productivity software deals continue to account for the bulk of SaaS M&A activity, accounting for more than half the deals in Q1 2025.
- Communication software deals attracted the highest revenue multiples in Q1 2025 with the second-highest deal count.

Software Market Performance

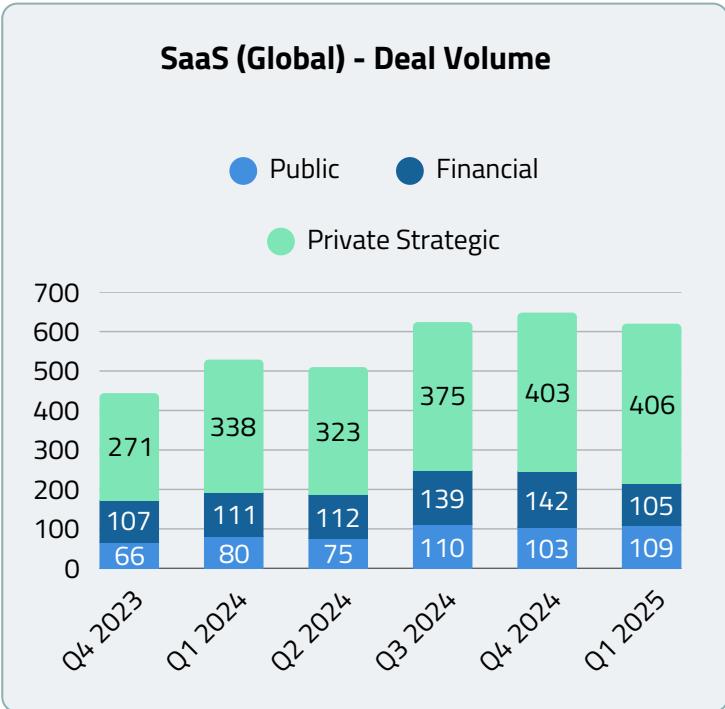
SaaS North America M&A Trends By Buyer Type



Our Take:

- Private strategic buyers continue to account for the bulk of North American SaaS M&A deals, followed by public buyers and financial sponsors.
- Acquisitions by private strategics and public companies increased sequentially in Q1 2025, while the deal count for financial sponsors was flat.

SaaS Global M&A Trends By Buyer Type



Our Take:

- Globally, the trend remains the same, with private strategic buyers dominating deal activity.
- However, there was a sharp pullback by financial buyers sequentially, even though private strategics and public companies modestly increased their acquisition pace.



PUBLIC COMPANIES

Public Financial Data

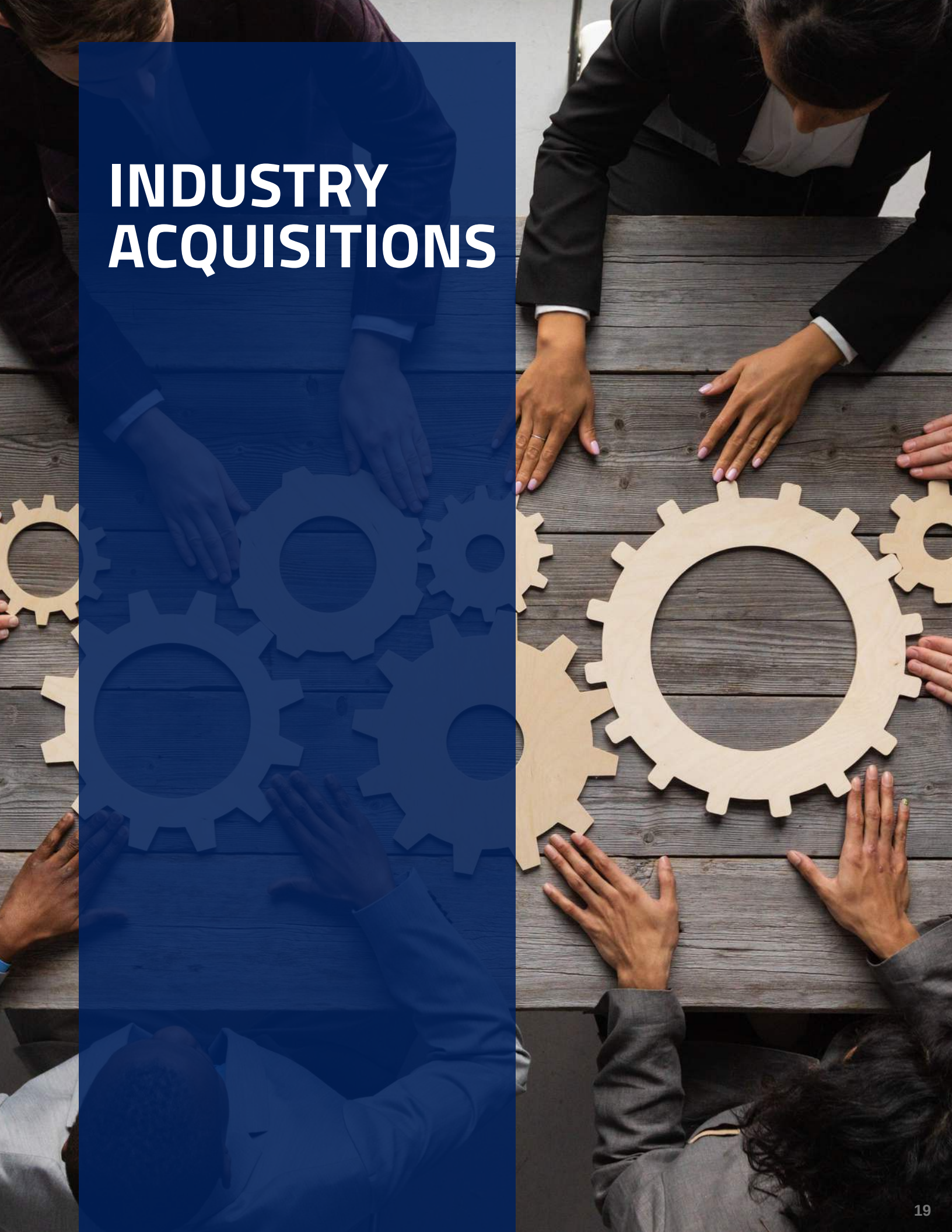
The following list shows the performance of the Software industry across 10 industry sub-segments, used to calculate our public IA valuation index.

Public Company	LTM Performance	Q1 Performance	EV / Revenue 2025E	EV / EBITDA 2025E	P/E 2025E
Analytics & Data Management	2.04%	-2.27%	5.0x	29.0x	28.8x
Communications & Collaboration	12.65%	-11.75%	3.1x	25.7x	25.7x
Dev Ops & IT Management	-2.79%	-19.14%	6.6x	40.6x	46.4x
ERP & Supply Chain	6.36%	-14.84%	6.4x	19.6x	29.8x
Financial Applications	2.81%	-13.79%	5.9x	23.7x	36.0x
Human Capital Management	-8.56%	-6.31%	5.2x	15.8x	30.0x
Sales & Marketing	-18.26%	-20.01%	3.6x	26.2x	29.7x
Security	9.19%	-0.69%	7.1x	35.9x	39.5x
Vertically Focused	8.56%	0.26%	5.0x	27.5x	32.4x
Other SaaS	10.44%	-14.17%	4.5x	18.6x	21.3x
AVERAGE:	2.24%	-10.27%	5.2x	26.3x	32.0x
MEDIAN:	4.59%	-12.77%	5.1x	25.9x	29.9x



Source: S&P Capital IQ

INDUSTRY ACQUISITIONS








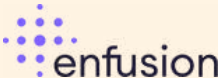


Q1 2025 Industry Acquisitions

Notable Public Software Transactions

Acquirer	Seller	Date	Subsector	EV (\$M)	Rationale
 TEMPUS	 DEEP 6 AI	3/7/2025	Vertically Focused	-	Tempus AI acquired Deep 6 AI . The acquisition allows Tempus AI to boost its precision medicine capabilities by leveraging Deep 6 AI's advanced clinical trial matching and real-world evidence generation technologies.
 AMERICAN EXPRESS	 center	3/6/2025	Financial Applications	-	American Express acquired Center . The acquisition aims at enhancing American Express' expense management by using Center's real-time tracking and automation technology.
	Lotame	3/6/2025	Analytics & Data Management	-	Publicis Groupe acquired Lotame . The acquisition aims to expand the capabilities of its targeted marketing unit.
 evertec	 nubity by evertec	2/27/2025	Dev Ops & IT Management	-	Evertec acquired Nubity . The acquisition strengthens Evertec's ability to continue enhancing its cutting-edge technological solutions, expand its regional reach, and broaden its value proposition.
 IBM	DATASTAX	2/23/2025	Analytics & Data Management	-	International Business Machines acquired DataStax . The acquisition will enhance the company's Watson portfolio of products, accelerating the use of generative AI and helping companies unlock value from vast amounts of unstructured data.
 YE XT	 PlacesScout	2/10/2025	Sales & Marketing	\$20.3	Yext acquired Places Scout . The acquisition enables Yext to provide competitive intelligence, benchmarking, and AI-powered insights and enhances competitive intelligence and capabilities.
 SPS COMMERCE	 CARBON 6	2/7/2025	Sales & Marketing	\$210.0	SPS Commerce acquired Carbon6 . The acquisition of Carbon6 allows SPS to enhance revenue recovery solutions for Amazon sellers by integrating Carbon6's specialized software tools.
 ncino	 sandbox BANKING	2/7/2025	Financial Applications	-	nCino acquired Sandbox Banking . The acquisition will help nCino strengthen its ability to enhance data connectivity and streamline operations for banks and credit unions through an industry-leading Integration Platform as a Service (iPaaS) solution for a more intelligent and harmonious technology platform.

Q1 2025 Industry Acquisitions

Notable Public Software Transactions

Acquirer	Seller	Date	Subsector	EV (\$M)	Rationale
		1/23/2025	Sales & Marketing	\$53.2	Banzai International acquired Act-On Software . The acquisition of Banzai International allows Act-On Software to enhance its AI-driven marketing solutions, expand its product suite, and strengthen its market position.
		1/23/2025	Vertically Focused	-	Moody's Investors Service acquired Cape Analytics . The acquisition will combine Moody's industry-leading Intelligent Risk Platform and catastrophe risk modeling for the insurance sector with cutting-edge geospatial AI analytics, creating a sophisticated property database capable of delivering instant, address-specific risk insights.
		1/13/2025	Financial Applications	\$1,412.3	Clearwater Analytics Holdings acquired Enfusion . The acquisition accelerates Clearwater's vision of building the first cloud-native front-to-back platform for the entire investment management industry.
		1/6/2025	Security	\$730.0	CCC Intelligent Solutions acquired EvolutionIQ . The acquisition allows EvolutionIQ to expand into disability and workers' compensation, while enhancing its AI-powered SaaS platform with capabilities like Medical Summarization and Next Best Action to transform insurance claims resolution.

Q1 2025 Industry Acquisitions

Notable Private Software Transactions

Acquirer	Seller	Date	Subsector	EV (\$M)	Rationale
 CLEARWATER ANALYTICS	 beacon	3/12/2025	Analytics & Data Management	\$560.0	Clearwater Analytics Holdings acquired Beacon Platform . The acquisition aims at enhancing Clearwater Analytics' investment management technology by integrating Beacon Platform's advanced modeling and risk analytics capabilities.
 CYBERARK THE IDENTITY SECURITY COMPANY	 zilla SECURITY A CyberArk Company	2/12/2025	Security	\$165.0	CyberArk Software acquired Zilla Security . The acquisition strengthens CyberArk's ability to reshape identity governance by incorporating Zilla Security's AI-powered compliance and provisioning solutions.
 FACTSET	 LIQUIDITYBOOK	2/7/2025	Financial Applications	\$246.5	FactSet Research Systems acquired LiquidityBook . The acquisition allows FactSet to enhance its trading solutions by incorporating LiquidityBook's cloud-native order management and investment book of record capabilities.
 BENDING SPOONS	 BRIGHTCOVE	2/4/2025	Other SaaS	\$206.0	Bending Spoons & its Financial Advisors acquired Brightcove . The acquisition aims to expand Bending Spoons' enterprise SaaS market presence, leverage Brightcove's streaming technology, and ensure long-term growth and financial benefits.
 ROKT	 mparticle	1/16/2025	Sales & Marketing	\$300.0	Rokt acquired mParticle . The acquisition allows Rokt to combine ecommerce expertise with real-time customer data innovation, enhancing business outcomes and maintaining data privacy and control.
 employmenthero	 HUMI	1/8/2025	Human Capital Management	\$112.0	Employment Hero acquired Humi . The acquisition aims to integrate Humi's local expertise with Employment Hero's global innovation, enhancing employment management solutions for Canadian SMEs and driving business growth.

Software M&A Transactions

Closed Date	Target Name	Acquirer	Target Description	EV (\$m)	EV/ Revenue
3/27/2025	OutPlay	Click Labs	Developer of referral marketing software for web and mobile application growth, automating campaigns through a dashboard and customizable programs to boost installs and engagement.	\$14.0	-
3/25/2025	Mosaic Learning	Banyan Software & its Financial Advisors	Developer of eLearning software for business growth, offering a SaaS suite with learning management, event management, and member engagement through web, mobile, VR, AR, and gamification.	-	-
3/3/2025	Freshreview	GaragePlug	Developer of SaaS-based review management software to improve online reputation, offering automated review campaigns, a single platform for monitoring and responding, and tools to showcase customer reviews for increased sales.	-	-
2/26/2025	SimpleHash	Phantom	Developer of SaaS-based multi-chain data database platform for comprehensive token and NFT data access, offering real-time prices, metadata, sales, listings, and automatic metadata refreshing.	-	-
2/24/2025	Skybox Security	Lion Investment Partners, Tufin Software Technologies, Turn/River Capital	Developer of a cybersecurity management platform for large networks, offering SaaS-based visibility, analytics, and automation to map, prioritize, and remediate vulnerabilities, enhancing threat management and compliance monitoring.	-	-
2/19/2025	AudiencePlus	The Juice	Operator of a media company offering content creation services to help SaaS businesses transition to media marketing and optimize performance for sustainable growth.	-	-
2/13/2025	Houseware	LaunchDarkly	Developer of revenue analytics workbench for building internal data apps, adding revenue context to data warehouses, and optimizing revenue with predefined metrics, user segments, and personalized campaigns.	-	-
2/13/2025	Trindade Tecnologia	Agger Informatica, Arco Capital	Provider of technology systems for managing and marketing health plans and benefits, offering SaaS-based digital solutions that connect via the cloud without using local device space.	-	-

Data Sources: Proprietary Databases

Software M&A Transactions

Closed Date	Target Name	Acquirer	Target Description	EV (\$m)	EV/ Revenue
2/13/2025	Zuora	GIC Private, Silver Lake	Provider of cloud-based software on a subscription basis that enables companies in various industries to launch, manage, and transform into a subscription business.	\$1,141.5	2.52x
2/12/2025	ElimiWait	FTV Capital, LLR Partners, ParkHub	Developer of SaaS-based mobile valet management software to streamline parking procedures, offering real-time data, contactless ticketing, and tailored solutions for improved efficiency and customer insights.	-	-
2/11/2025	Turns (Business/Productivity Software)	PayRange	Developer of a vertical SaaS platform for dry cleaners and laundries, offering personalized store apps for pickup, delivery, expense, and employee management to enhance customer experience and recover lost sales.	-	-
2/7/2025	Eccovia	CaseWorthy, Main Street Capital (NYS: MAIN), STG Partners	Developer of SaaS-based healthcare software for health and social services agencies, offering solutions like homeless management, victim services, refugee resettlement, and care coordination.	-	-
2/3/2025	SecureWorks	Sophos, Thoma Bravo	SecureWorks Corp is a cybersecurity provider offering SaaS, managed solutions, and professional services to fortify cyber defenses, detect threats in real-time, and respond to security incidents.	\$805.9	2.37x
1/24/2025	Kona	15Five	Developer of enterprise SaaS software for human capital management, using text to understand psychology, provide insights, match roles, and maximize employee efficiency and satisfaction.	-	-
1/22/2025	Smartsheet	Abu Dhabi Investment Authority, Blackstone (NYS: BX), Vista Equity Partners	Provider of collaborative work management software delivered via a cloud-based, software-as-a-service model.	\$7,129.6	6.58x
1/21/2025	Humbi AI	Innovaccer	Operator of a SaaS-based health data platform assisting healthcare organizations in managing risk for VBP arrangements, offering actuarial expertise, data management, and business strategy services.	-	-

Data Sources: Proprietary Databases

Software M&A Transactions

Closed Date	Target Name	Acquirer	Target Description	EV (\$m)	EV/ Revenue
1/14/2025	Mondee (PINX: MOND)	The TCW Group, Wingspire Capital	Mondee Holdings Inc is a travel technology company and marketplace with leisure and corporate travel sectors, offering AI platforms and services for travel transactions, with key revenue from the Travel Marketplace segment in the United States.	-	-
1/14/2025	Paymints.io	CertifiD	Operator of a white-label SaaS platform for real estate transactions, enabling electronic money transfers through escrow accounts, saving time and reducing paper use.	-	-
1/7/2025	LeaseJava	Caseware International, Hg	Developer of leasing standard SaaS tool for audit firms, corporations, and government, ensuring compliance with accounting standards and automating complex lease accounting calculations.	-	-
1/7/2025	RCMBT	Accel-KKR, ParkerGale Capital, Veryon	Provider of reliability services for the aerospace industry, specializing in decision support technologies, SaaS-based RDSS, reliability analysis outsourcing, and maintenance support.	-	-
1/3/2025	Tranch	Elite (Financial Software)	Developer of a fintech platform for payment flexibility, offering expense financing services to help fast-growing businesses manage cash flow and prioritize growth, enabling upfront payments and flexible options for customers.	-	-
1/1/2025	Industrial Software Solutions	Eecol Electric	Provider of software solutions for manufacturing, chemicals, transportation, infrastructure, and oil and gas industries, offering real-time visualization, cybersecurity, SaaS, cloud solutions, and data hub management.	-	-

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