

# SaaS: M&A TRENDS & ANALYSIS

**WIDESPREAD DIGITISATION ACROSS  
SECTOR VERTICALS AND HIGH TECHNICAL  
CAPABILITIES AMONGST SMEs IS DRIVING  
RECORD LEVELS OF SaaS M&A ACTIVITY**



**Cooper Parry**  
CORPORATE FINANCE

**GLOBAL  
M&A  
PARTNERS**

# SaaS KEY M&A TRENDS

Heightened demand for SaaS companies drove record revenue multiples in the last 12 months

1

## The weighted rule of 40%

The rule of 40% in SaaS is a simple framework that balances revenue growth versus margins. Investors are placing increased value on revenue growth in transactions, SaaS companies achieving a higher weighted rule of 40% generally fetch higher multiples.

The formula is:

**Rule of 40 number** = SALES GROWTH + FCF\* MARGIN (EBITDA MARGIN)

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## Record deal volumes

In the second half of 2021, aggregate software deal volume outpaced any prior comparable period. Healthcare software was the most active SaaS vertical in 2021, comprising 20% of all vertical SaaS deals.

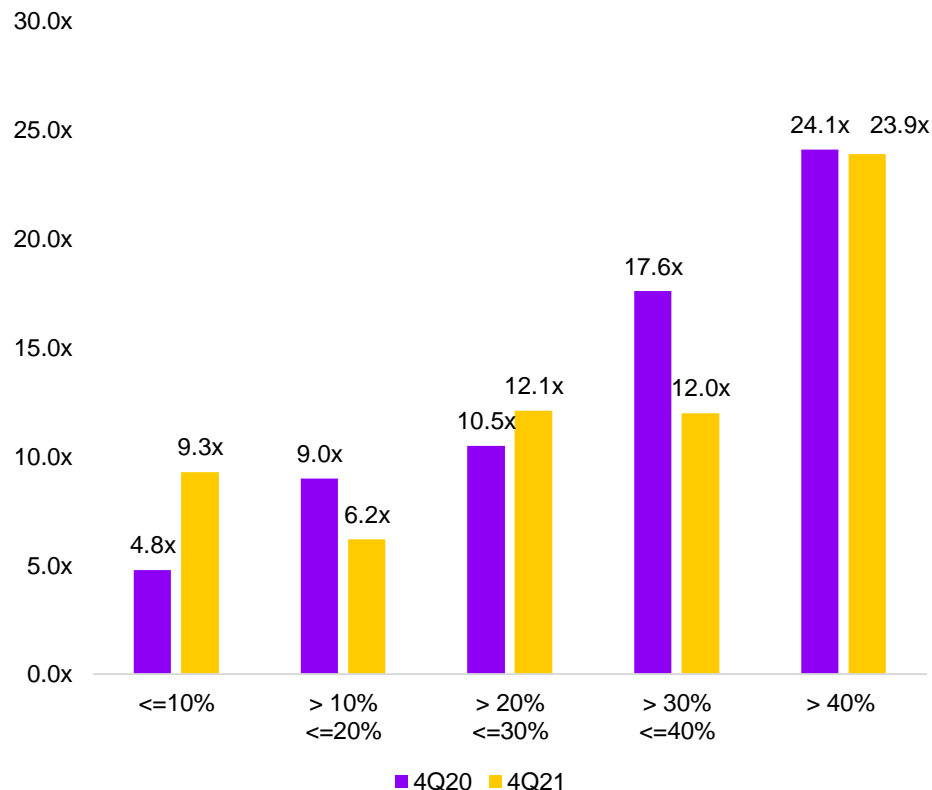
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## Private equity appetite strengthens

With record levels of 'dry powder' yet to be deployed, unsurprisingly private equity-driven deals outpaced strategic buyers in each of the last 4 years, hitting new highs of being involved in 55% of all SaaS deals in 2021.

Direct correlation between multiples and the Rule of 40

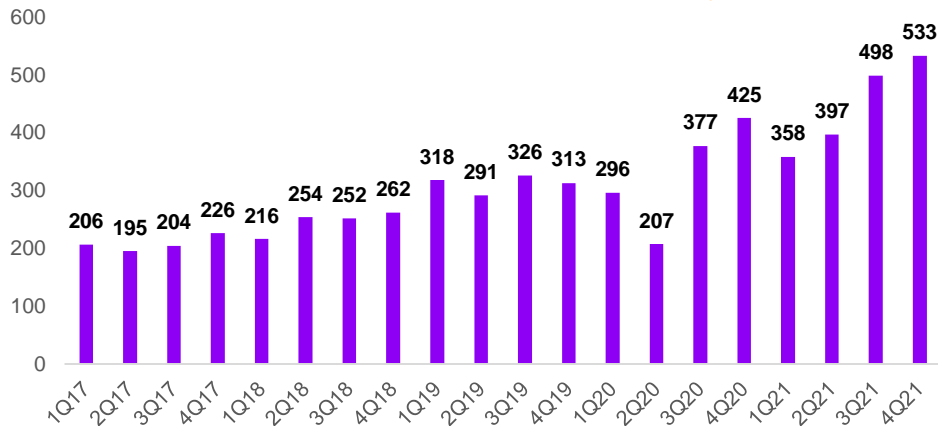
## Median EV/TTM\* Revenue Vs. Weighted Rule of 40%



# SaaS M&A ANALYSIS

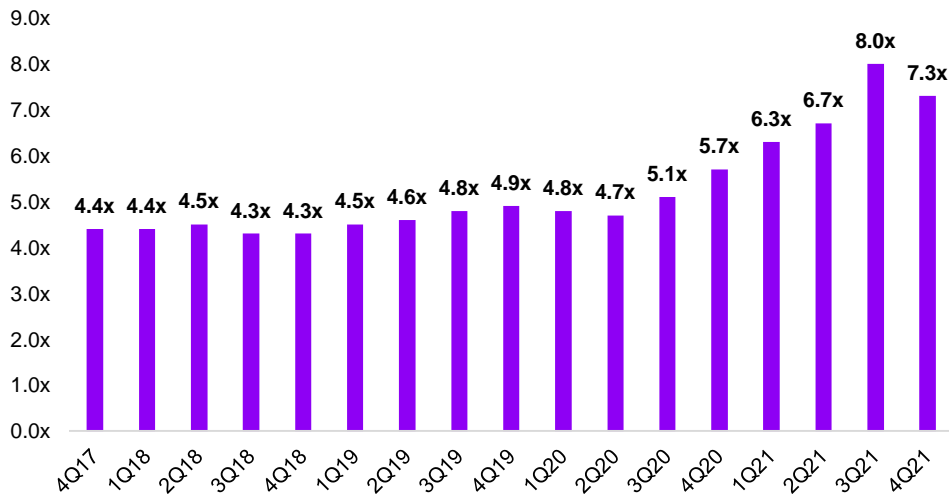
Strong growth in SaaS deal volumes through 2021 with demand pulling EV/Revenue multiples to record heights

SaaS M&A deal volume - Quarterly

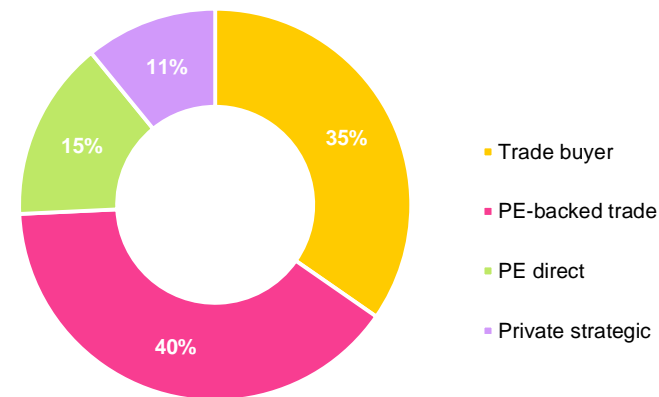


- SaaS M&A deal volume grew 40% in 2021, reaching nearly 1,800 transactions for the year.
- 2021 reached some of the highest EV/Revenue multiples ever, as heightened demand for SaaS companies drove an impressive 7.3x median multiple.
- On an annual basis, private equity-driven deals comprised 55% of SaaS buyers, the highest mark to date.

Median EV/Trailing 12-month "TTM" Revenue - Quarterly



2021 SaaS M&A Buyer Type

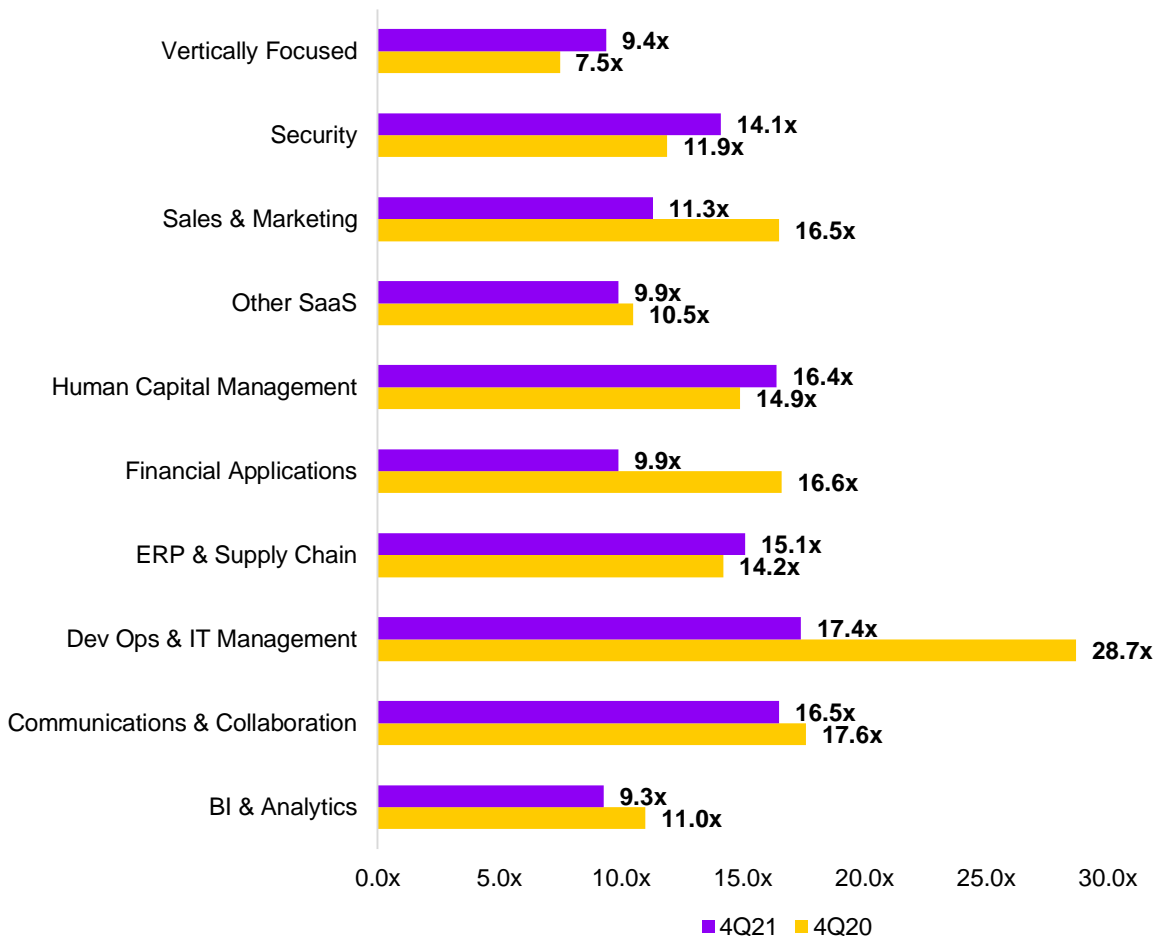


Source: Software Equity Group, Cooper Parry analysis, Mergermarket

# SaaS M&A ANALYSIS (cont.)

**Robust EV/TTM Revenue multiples across verticals – Healthcare and financial services made up over 30% of M&A transactions in 2021**

Median EV/TTM Revenue Multiple



Source: Software Equity Group, Cooper Parry analysis, Mergermarket

## Most active UK strategic acquirers



Revenue: £317m  
Ownership Structure: PE-backed  
Verticals: Healthcare, HCM, FinTech



Revenue: £89m  
Ownership Structure: PE-backed  
Verticals: HCM, EdTech, FinTech



Revenue: n/d  
Ownership Structure: PE-backed  
Verticals: HCM, Financial Services, LegalTech, WealthTech, Healthcare, EdTech



# SaaS SELECTED TRANSACTIONS

## TTM Select SaaS M&A Transactions

Completion Date	Target	Target description	Buyer	Vertical	EV (£m)	Revenue Multiple
18/03/2022	<b>Giglets Ltd</b>	UK-based literacy development SaaS platform targeted towards K-12 education	<b>ILT Education UK Ltd</b>	EdTech	n/d	n/d
14/03/2022	<b>Nourish</b>	UK-based health and social care software provider	<b>Livingbridge</b>	Health Tech	n/d	n/d
01/03/2022	<b>Wellbeats</b>	US-based provider of an on-demand, software-as-a-service ("SaaS") physical wellbeing platform	<b>LifeSpeak, Inc.</b>	Health Tech	68.4	n/d
28/02/2022	<b>Datapharm Limited</b>	UK-based provider of medical information, and regulatory and compliance software to the pharmaceutical industry	<b>CGE Partners LLP</b>	Pharma	n/d	n/d
18/01/2022	<b>Brightpearl Limited</b>	UK-based company that provides cloud software that manages orders, inventory, customer data, accounting and reporting. The company has a second head office in the US	<b>The Sage Group Plc</b>	HCM Tech	225.0	14.8x
18/01/2022	<b>Silobreaker Ltd</b>	UK-based risk and threat intelligence SaaS provider	<b>Marlin Equity Partners, LLC</b>	Cyber	n/d	n/d
11/01/2022	<b>Insightia Ltd</b>	UK-based SaaS provider of insights and analytics for with a focus on shareholder activism, proxy voting and corporate governance	<b>Diligent Corporation</b>	Data Analytics	n/d	n/d
05/01/2022	<b>symplr</b>	US-based provider of healthcare compliance and credentialing Software as a Service (SaaS) solutions	<b>Clearlake Capital Group, L.P.</b>	Health Tech	n/d	n/d
05/10/2021	<b>CPOMS Systems Limited</b>	UK-based developer of software solution for monitoring safeguarding	<b>Raptor Technologies, LLC</b>	EdTech	175.0	15.4x
29/09/2021	<b>Person Centred Software</b>	UK-based developer of digital care management software for social care homes and its residents.	<b>Cow Corner Investments</b>	Health Tech	n/d	n/d
13/09/2021	<b>SureCloud Limited</b>	UK-based governance, risk, compliance and SaaS solutions enabled cybersecurity firm.	<b>CGE Partners LLP</b>	Cyber	n/d	n/d
13/09/2021	<b>Serveture LLC</b>	US-based developer and provider of a online SaaS staffing platform	<b>Avionte, LLC</b>	HCM Tech	n/d	n/d
18/08/2021	<b>WBT Systems Limited</b>	Ireland-based software as a service provider of learning managing systems	<b>Advanced Solutions International, Inc.</b>	EdTech	n/d	n/d
21/07/2021	<b>Zest Technology Limited</b>	UK-based company that provides software as a service based employee benefits communication software	<b>FPE Capital LLP</b>	HCM Tech	11.5	3.4x
19/07/2021	<b>Core Stream Limited</b>	UK-based governance, risk and compliance SaaS platform	<b>Marlowe plc</b>	TIC	18.0	4.4x
15/07/2021	<b>Duco Technology Limited</b>	UK-based provider of cloud-based software for financial services, insurance and fintech companies that allows them to manage their data via an automated platform.	<b>Nordic Capital</b>	FinTech	n/d	n/d
13/07/2021	<b>Sentry Data Systems, Inc.</b>	US-based health tech company that develops SaaS solutions to healthcare providers	<b>Craneware Plc</b>	Health Tech	282.5	4.3x
13/07/2021	<b>SchoolStatus LLC</b>	US-based developer of SaaS education technology for K-12 communications and student data analytics	<b>Providence Equity Partners L.L.C.</b>	EdTech	n/d	n/d
01/07/2021	<b>Relatient, LLC</b>	US-based developer of healthcare focused software as a service (SaaS) for practice management	<b>Brighton Park Capital Management, L.P.</b>	Health Tech	71.9	n/d

Source: Cooper Parry analysis, Mergermarket