



Software & Tech-Enabled Services M&A Update

Q1 2025

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Software & Tech-Enabled Services M&A Update Q1 2025

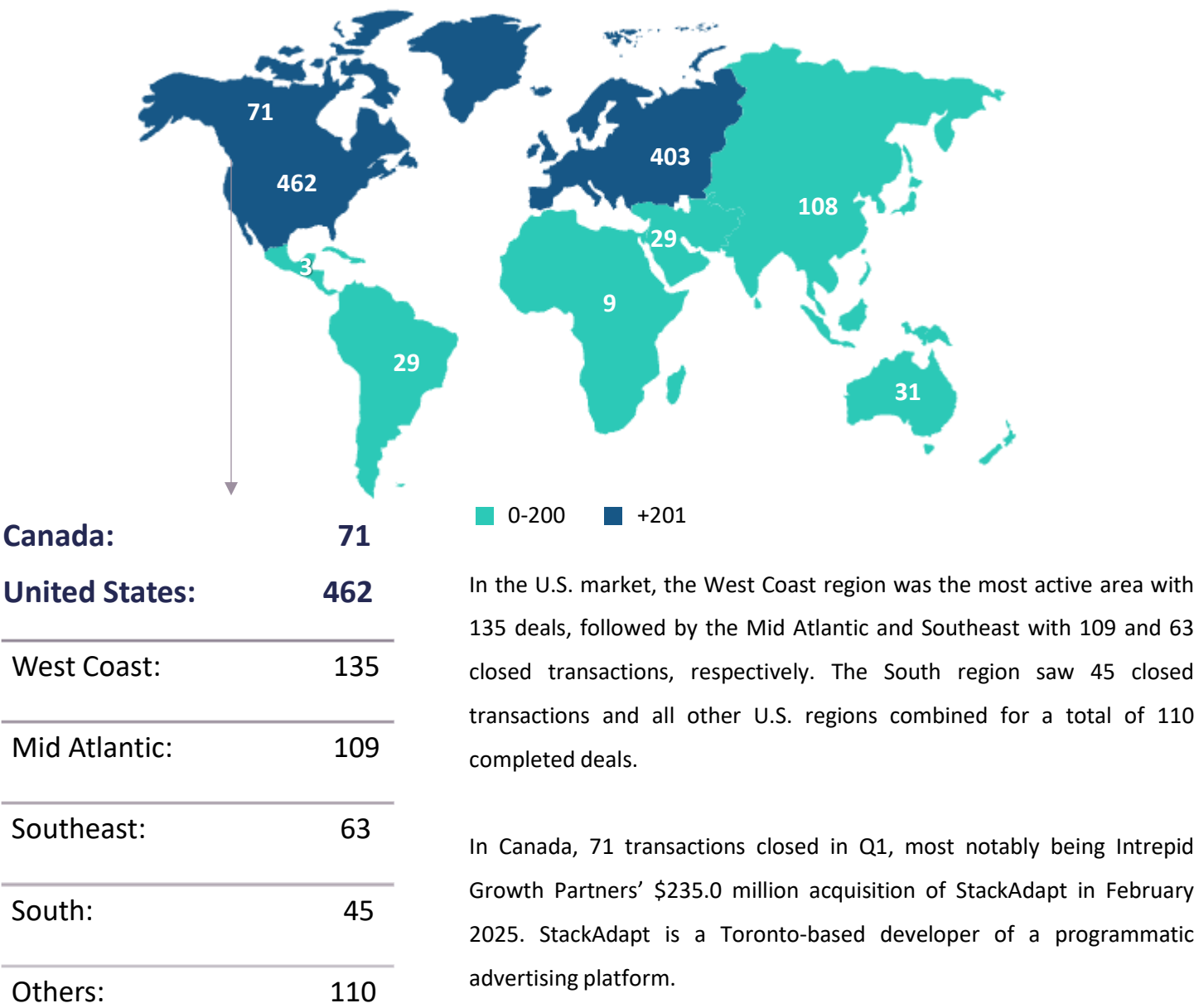
REPORT HIGHLIGHTS

- In Q1, the North American Technology Software Industry Index decreased by 11.1% and was outperformed by the S&P 500, which decreased by 4.4% over the same period.
- The median EV/Revenue multiple for reported private equity deals in the Software & Tech-Enabled Services sector increased to 4.8x in Q1 from 3.9x in 2024, and increased for strategic deals to 4.3x from 2.0x in the prior year.
- M&A deal volume in the sector increased 4.8% in Q1 to 1,145 deals from 1,093 in Q4 2024, and increased 22.2% from 937 deals in Q1 of the prior year.
- As a % of total capital invested in M&A transactions, PE participation decreased significantly in Q1 to 28.3% from 44.3% in 2024.
- North America was the most active region in Q1 with 533 deals. Most notably in North America was Elon Musk's AI business xAI acquiring X, his social media platform, for \$33.0 billion, in March 2025.



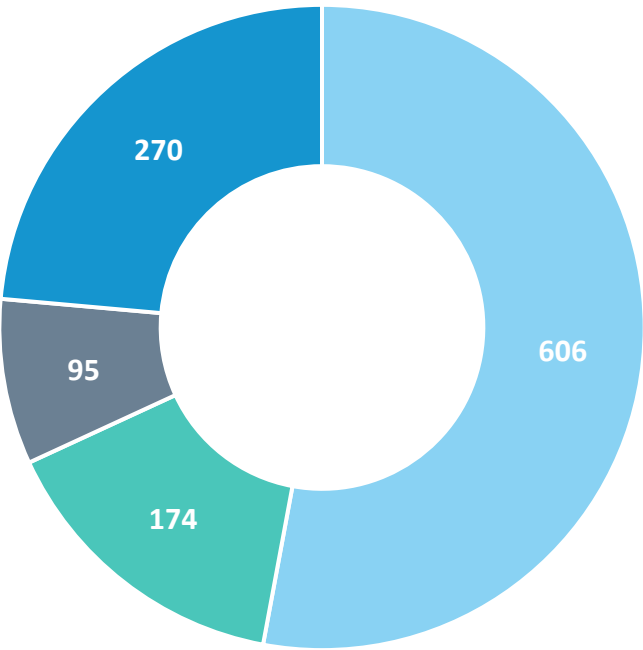
For more information on R.L. Hulett or this report please visit our website at rlhulett.com, call us at (314) 721-0607, or contact a professional listed on this page.

Of the 1,145 deals in the Software & Tech-Enabled Services sector in Q1, North America was the most active with 533. A notable North American deal (in addition to the X deal mentioned on the previous page) was Siemens’ \$10.6 billion acquisition of Altair Engineering, a Michigan-based provider of enterprise-class engineering software, in March 2025. Europe was the second most active with 403 transactions and all other regions combined for a total of 209 deals.



Of the 1,145 Software & Tech-Enabled Services deals in Q1, 606 deals were in the Business/Productivity subsector, making it the most active from an M&A volume standpoint. The Fintech and Entertainment & Education Software subsectors saw 174 and 95 transactions, respectively. All other transactions combined for a total of 270 deals.

Deal by Subsector



Business/Productivity

Fintech

Entertainment & Education Software

Other

smartsheet

HashiCorp

ANAQUA

FUJISOFT
creating new values

ZUORA

FOLD

PMR

LIQUIDITYBOOK

YY

Easybrain

OddsJam

U>screen

METAPHYSIC

Matterport

Secureworks

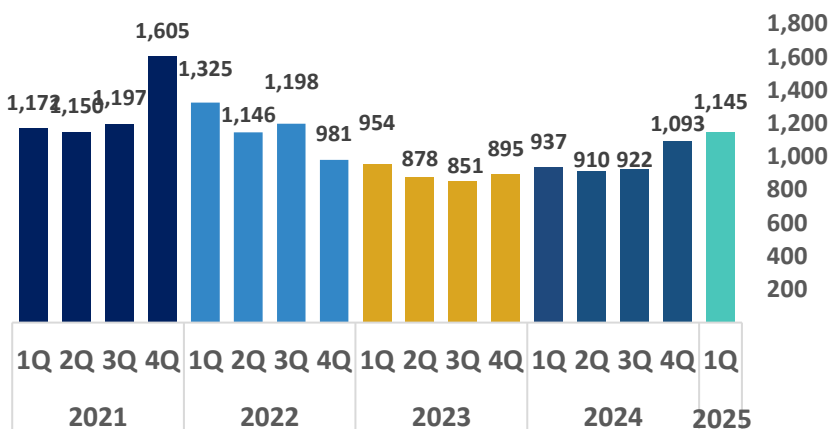
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Deal volume in the Software & Tech-Enabled Services sector increased 4.8% in Q1 to 1,145 deals from 1,093 in Q4 2024, and increased 22.2% from 937 deals in Q1 of the prior year. Q1 represents a continuation in the trend of generally increasing quarterly deal volume seen since Q3 2023. The increase underscores investors' heightened demand for acquiring firms with advanced AI and automation technologies, as they seek to enhance digital capabilities and maintain competitiveness in an evolving market.

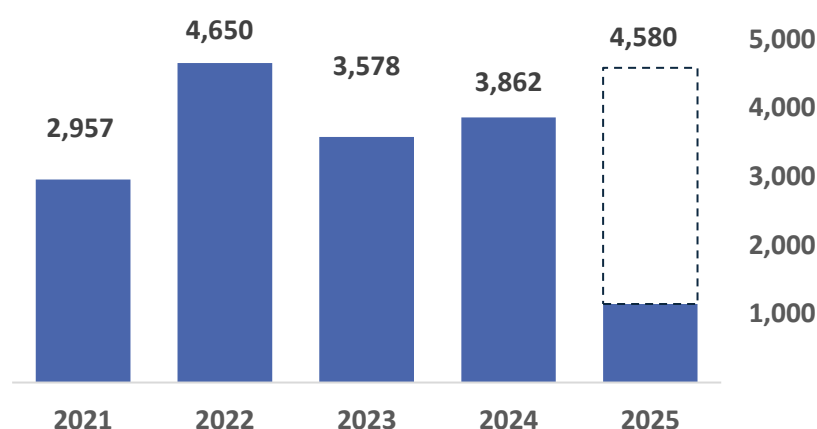
Annual deal volume is on pace to increase 18.6% to 4,580 deals in 2025, up from 3,862 in 2024. With Q1 representing the highest quarterly deal volume seen since Q3 2022, we attribute this projected increase in annual deal volume to improving economic conditions, stabilizing interest rates, and easing liquidity constraints. As we move further into 2025 and clearer tariff policy emerges, we anticipate strong M&A activity in the Software & Tech-Enabled Services sector driven by these favorable market conditions.

Following the increase in quarterly deal volume, total capital invested in M&A deals in the Software & Tech-Enabled Services sector increased 64.9% in Q1 to \$96.0B from \$58.2B in Q4, and increased 43.7% from \$66.8B in Q1 of the prior year. The increase from the prior quarter is primarily due to xAI's \$33.0 billion acquisition of X. Comparatively, the largest transaction in Q4 of the prior year was Advent International's \$6.3 billion acquisition of Nuvei in November 2024.

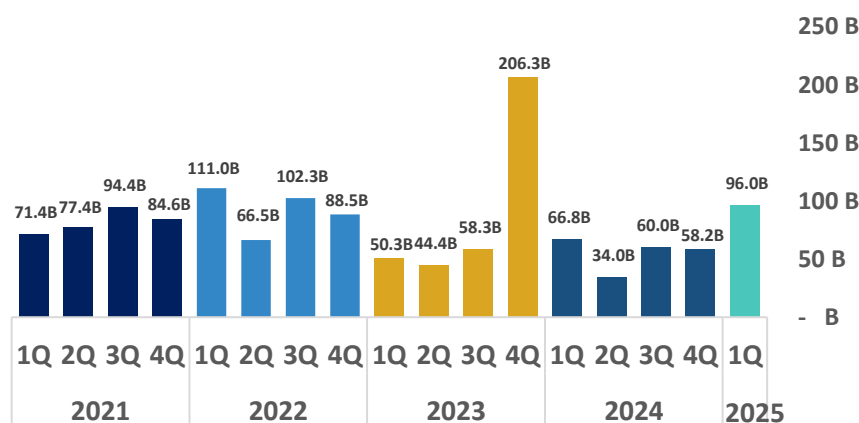
Deal Volume



Deal Volume

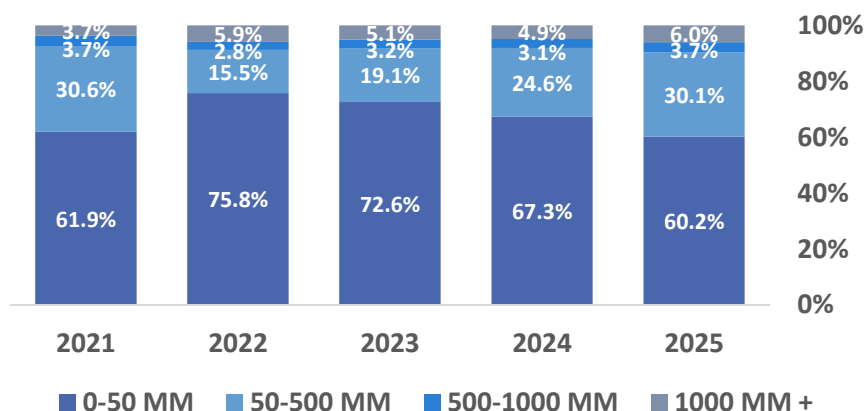


Total Capital Invested



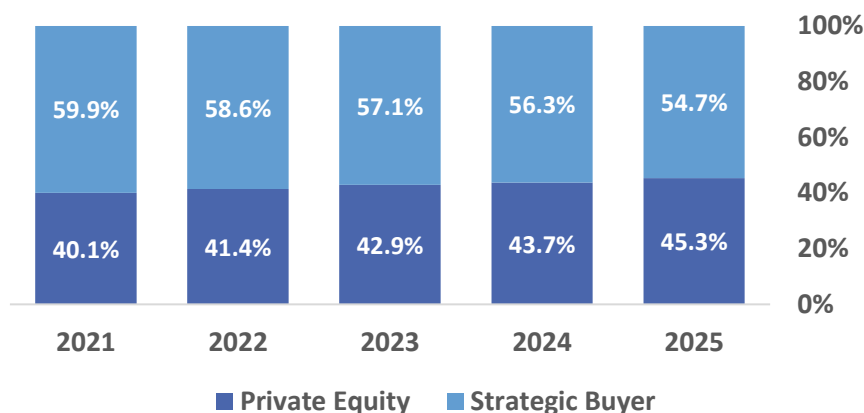
In Q1, we generally saw a shift in mix towards larger-sized deals from the prior year, specifically in the middle market (\$50 - \$500 MM), which increased to 30.1% from 24.6% in 2024. The upper middle (\$500 - \$1000 MM) and large cap (\$1000 MM+) tranches of the market increased to 3.7% and 6.0% from 3.1% and 4.9%, respectively, in 2024. The lower middle market (\$0 - \$50 MM) decreased to 60.2% in Q1 from 67.3% in the prior year.

Deal Volume by Deal Size



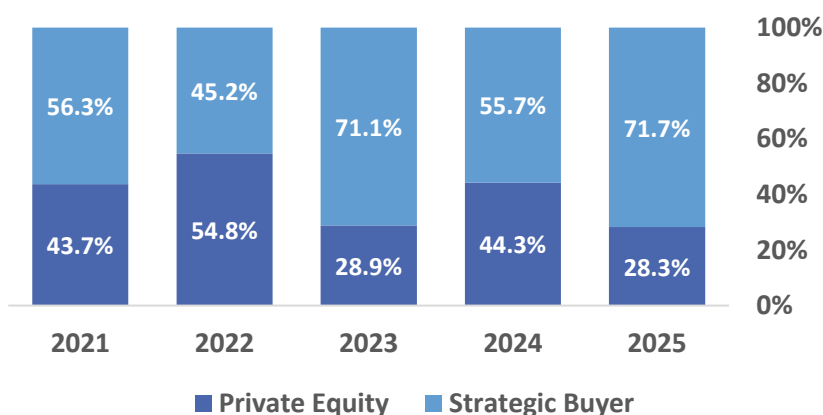
As a % of total deal volume, PE buyers trended higher in Q1 relative to strategic buyers, representing 45.3% of deal volume in the Sector, and up from 43.7% in 2024. Q1 marks the highest percentage of deal volume from PE buyers since 2021.

Deal Volume by Acquirer



Despite the trend in deal volume, total capital invested by PE investors (as a % of overall capital invested) decreased significantly in Q1 to 28.3% from 44.3% in 2024. This decline in PE's share of capital invested is primarily a result of the \$33.0B acquisition of X by xAI, a strategic acquirer referenced throughout this report. If we remove the X deal, PE share of invested capital remained relatively steady at 43.1% in Q1.

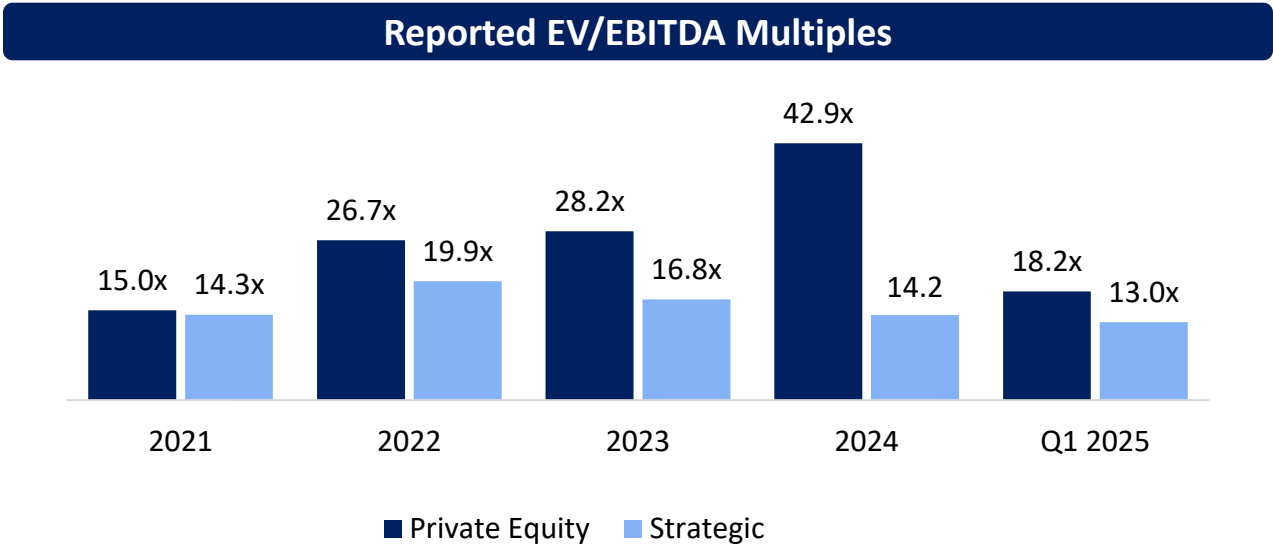
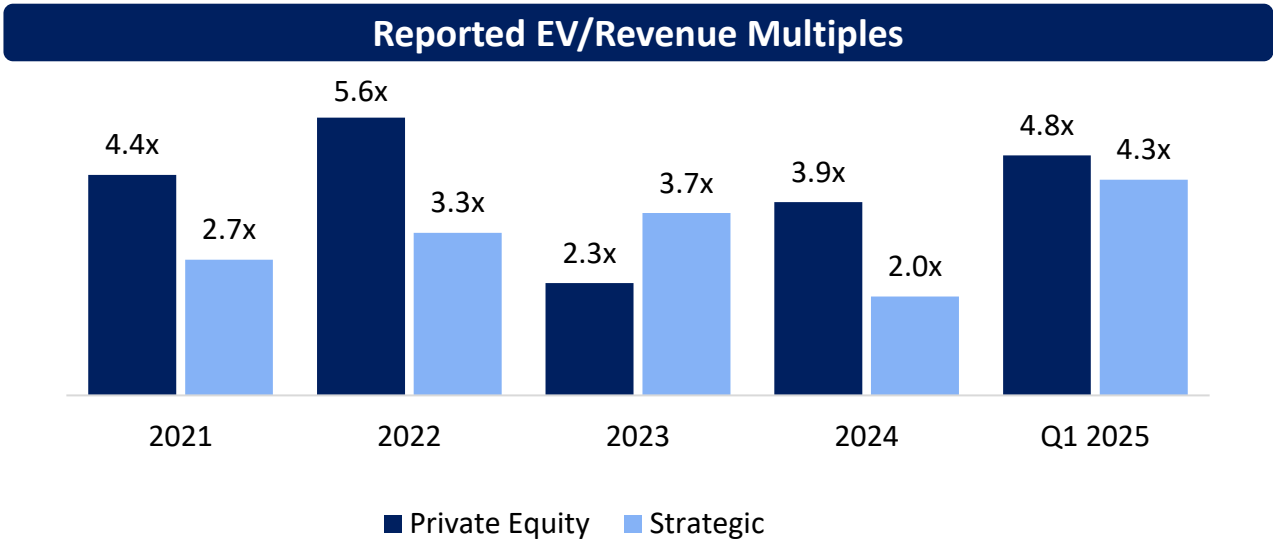
Total Capital Invested by Acquirer










The median EV/Revenue multiple for reported private equity deals increased to 4.8x in Q1 from 3.9x in 2024, and increased for strategic deals to 4.3x from 2.0x in the prior year.

The median EV/EBITDA multiple for reported private equity deals decreased to 18.2x in Q1 from 42.9x in 2024, and decreased for strategic deals to 13.0x from 14.2x in the prior year.











Q1 marks the highest median EV/Revenue multiple for strategic buyers in the past five years.



Active Strategic Investors

Investor	YTD Software Investments	Select Targets
	2	 
	1	
	1	











Active Private Equity Investors

Investor	YTD Software Investments	Select Targets
	6	  
	7	  
Blackstone	5	 

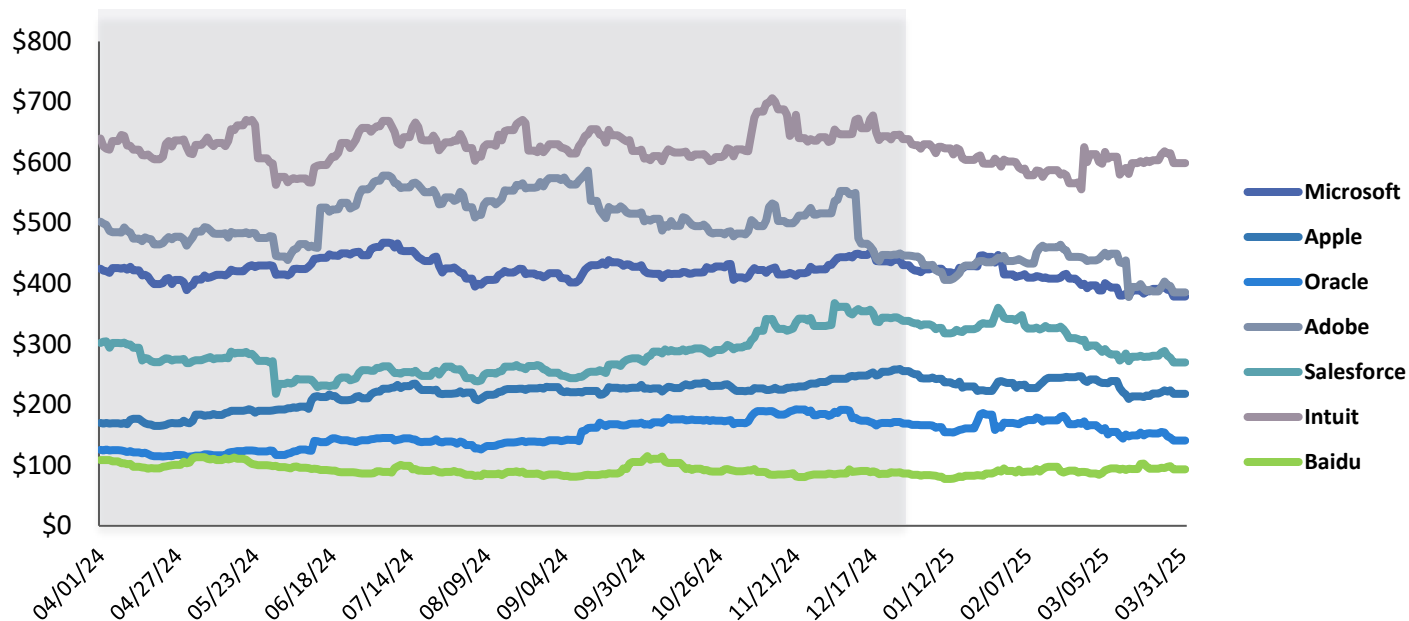
Largest Deals (Disclosed)

Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
31-Mar-2025	Edifecs	Cotiviti, Stemar Capital	Buyout/ LBO	\$ 3,050.0			Developer of a healthcare information management software designed to improve healthcare outcomes, reduce costs, and accelerate innovation.
29-Mar-2025	X	xAI	Merger/ Acquisition	33,000.0			Operator of a social networking and microblogging platform designed for people to have a free and safe space to talk.
26-Mar-2025	Altair Engineering	Siemens	Merger/ Acquisition	10,600.0	15.08x	174.17x	Provider of enterprise-class engineering software enabling origination of the entire product lifecycle from concept design to in-service operation.
14-Mar-2025	Total Drive Software	Software Circle	Merger/ Acquisition	9.5	9.40x		Developer of a business management software designed for driving instructors and multi-car schools.
28-Feb-2025	Matterport	CoStar Group	Merger/ Acquisition	2,183.0	10.92x		Operator of a spatial data company focused on digitizing and indexing the built world.
27-Feb-2025	HashiCorp	International Business Machines	Merger/ Acquisition	6,400.0	7.72x		Provider of multi-cloud infrastructure automation tools.
25-Feb-2025	Anaqua	Nordic Capital	Buyout/ LBO	2,500.0	12.49x		Developer of intellectual property (IP) management software designed to help corporations and law firms gain an advantage from their property.
25-Feb-2025	JOYY	Baidu	Merger/ Acquisition	2,100.0	0.94x		Operator of a technology company offering comprehensive innovation capabilities.
25-Feb-2025	Sertifi	Flywire	Merger/ Acquisition	330.0	17.55x		Developer of contract management software focused on bringing all payment and collection agreements under one secure platform.
25-Feb-2025	YY Live	Baidu	Merger/ Acquisition	2,100.0			Operator of a live streaming platform intended to offer video-based entertainment services in Guangzhou, China.
13-Feb-2025	Innovid	Flashtalking	Merger/ Acquisition	525.0	3.24x	189.07x	Operator of a software platform that provides ad serving, measurement and optimization creative services.
13-Feb-2025	Zuora	GIC Private, Silver Lake	Buyout/ LBO	1,700.0	2.52x		Provider of cloud-based software that enables companies in various industries to launch, manage, and transform into a subscription business.
04-Feb-2025	Ciel Zero	F-Code	Merger/ Acquisition	8.4	9.24x		Provider of development of software and services centered on IT engineering and AI system development
31-Jan-2025	XOi Technologies	Kohlberg Kravis Roberts	Buyout/ LBO	230.0	11.27x		Developer of a field service platform designed to connect people from all parts of a service ecosystem.
22-Jan-2025	Smartsheet	Blackstone, Vista Equity Partners	Buyout/ LBO	8,400.0	6.58x		Provider of collaborative work management software delivered via a cloud-based, software-as-a-service model.
20-Jan-2025	WealthNavi	Mitsubishi UFJ Financial Group	Merger/ Acquisition	571.4	6.21x	118.08x	Provider of financial software for managing assets.
20-Jan-2025	Eckoh	Bridgepoint Group	Buyout/ LBO	209.9	4.41x	22.71x	Provider of customer engagement data security solutions.
20-Jan-2025	Shanon	Innovation	Merger/ Acquisition	10.6	0.74x	20.45x	Provider of a marketing platform and cloud application software.
Mean				4,107.1	7.89x	104.9x	
Median				1,900.0	7.72x	118.08x	
High				33,000.0	17.55x	189.07x	
Low				8.4	0.74x	20.45x	

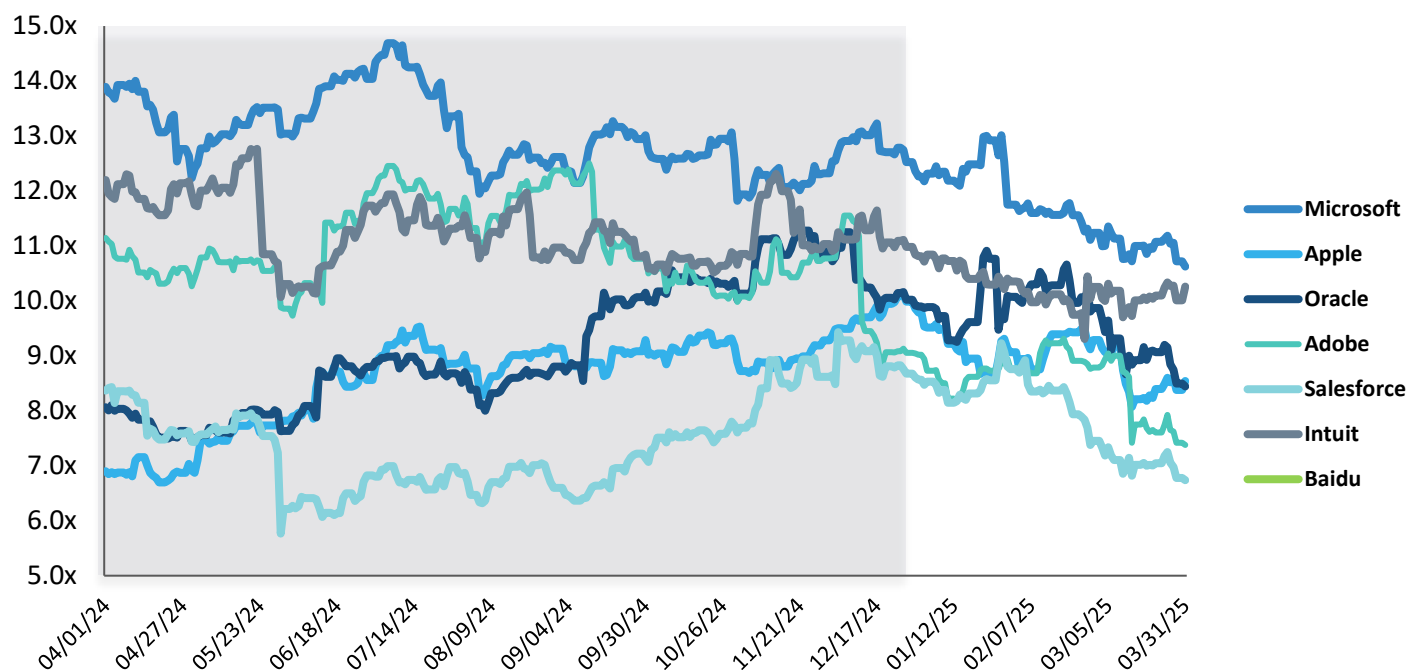
Leading M&A Deals (Completed)

Target	Investor	Driver	Deal Synopsis
		Merger/ Acquisition	X, Elon Musk's social media platform, was acquired by xAI, for \$33.0 billion in March 2025. By merging xAI's advanced AI capabilities and expertise with X's vast reach, the combined company will unlock immense potential, delivering smarter, more meaningful experiences to billions, with xAI benefiting from access to X's extensive user base, real-time data, and robust infrastructure to accelerate AI development and deployment at scale.
	  	Buyout/ LBO	Smartsheet, a Washington-based provider of collaborative work management software, was acquired by Abu Dhabi Investment Authority, Vista Equity Partners, and Blackstone for \$8.4 billion in January 2025. With increasing demand for workflow automation and digital transformation, the acquisition of Smartsheet offers the investors a scalable platform with a strong enterprise customer base and recurring revenue model.
		Merger/ Acquisition	HashiCorp, a California-based provider of multi-cloud infrastructure automation tools, was acquired by International Business Machines for \$6.3 billion in February 2025. The acquisition strengthens IBM's cloud and AI capabilities, providing access to HashiCorp's leading multi-cloud infrastructure automation tools, which will enhance IBM's hybrid cloud offerings. For HashiCorp, the acquisition brings the resources, scale, and reach of IBM, enabling accelerated product development and broader adoption of its solutions across global markets.
		Buyout/ LBO	Mitchell Humphrey & Co. ("MHC"), a St. Louis-based provider of public sector software solutions and IT services to municipalities and townships, was acquired by Tripleview Technologies ("Tripleview") for an undisclosed amount in March 2025. The acquisition expands Tripleview's portfolio with a suite of complementary public sector software solutions while providing MHC with the resources and infrastructure needed to accelerate growth and assist with a full cloud integration. In this transaction, R.L. Hulett acted as exclusive financial advisor to the Seller.

Stock Price

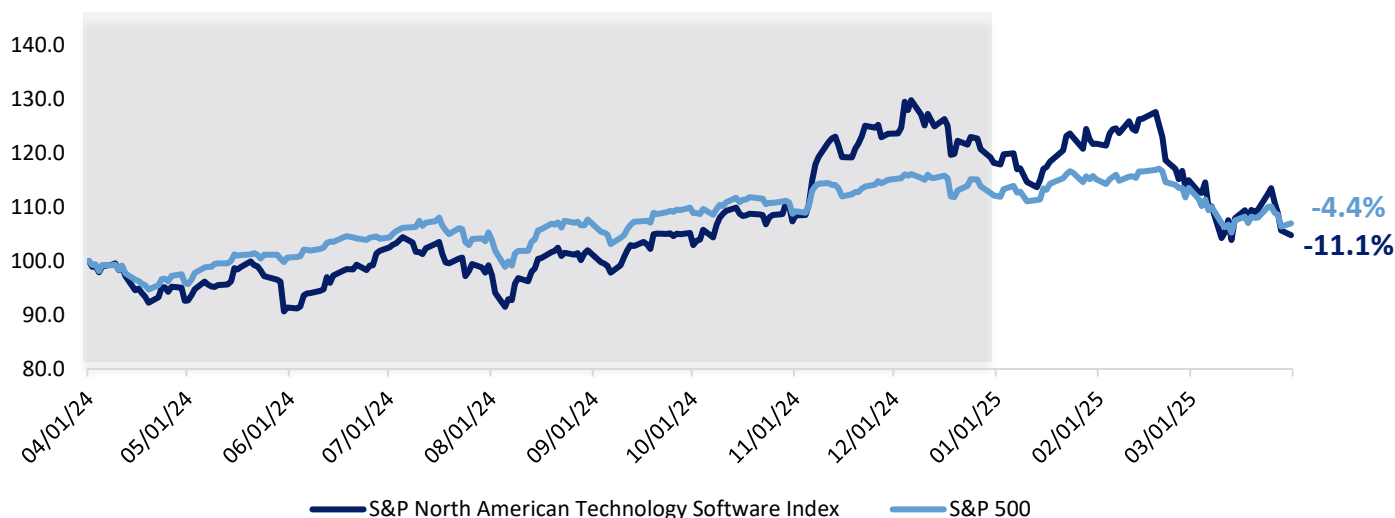


EV/Revenue



Index Performance

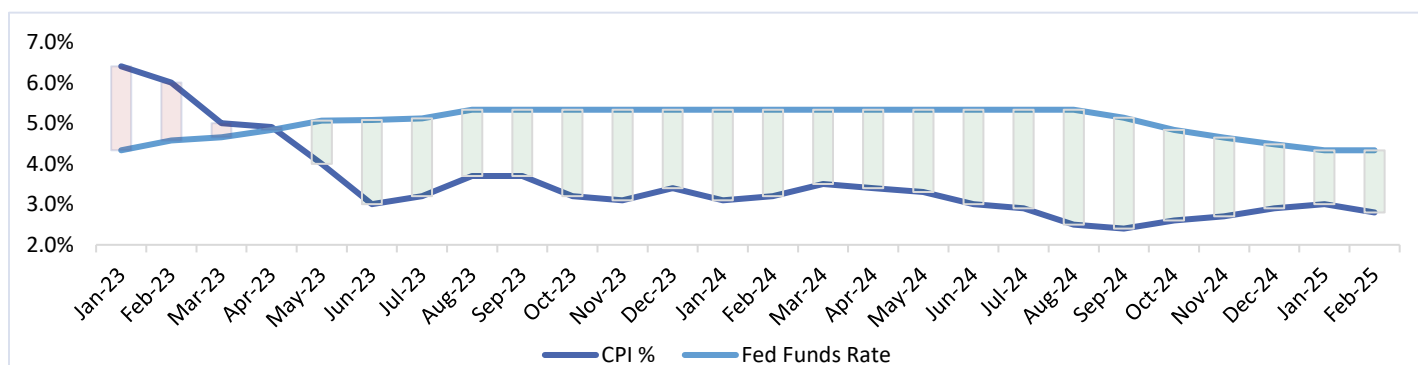
In Q1, the North American Technology Software Industry Index decreased by 11.1% and was outperformed by the S&P 500, which decreased by 4.4% over the same period.



Key External Drivers

Although tech giants like Microsoft, Apple, Nvidia, Alphabet, and Amazon have driven over half of the S&P 500's gains last year, only Microsoft ranks among the top ten constituents by index weight in the North American Technology Software Industry Index. This indicates that while mega-cap tech stocks have led the market rally, many software firms have not experienced the same level of investor enthusiasm.

In March 2025, the Federal Reserve left the federal funds rate unchanged, maintaining its target range of 4.25%–4.50%, as expected. The central bank reaffirmed its forecast for two quarter-percentage-point cuts later in the year, following three rate reductions in 2024 due to slowing inflation. Despite this cautious stance, looming tariffs could reignite price growth and hinder economic expansion. The Fed also revised its forecast for U.S. gross domestic product (GDP) growth down to 1.7%, a decrease from the 2.1% growth rate projected in December. This strategy reflects the Fed's ongoing efforts to balance inflation control with sustaining economic momentum amid challenges, including the threat of higher tariffs. While market volatility remains, the M&A environment continues to be favorable for strategic deal-making and capital deployment.



Emerging trends in the Software & Tech-Enabled Services space:



Nuclear Energy for Tech Growth

Powering AI advancements with nuclear energy

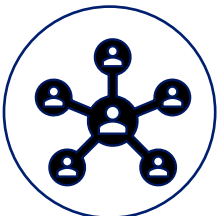
Nuclear energy is expected to dominate in 2025, driven by the growing demand for clean, reliable power to support AI and other high-energy technologies. The significant energy needs of AI are pushing tech giants toward nuclear solutions, leading to investments in reactor innovation and waste management as renewables alone prove insufficient.



Rise of Independent AI Agents

AI agents capable of performing tasks without human intervention

Autonomous machines are changing industries by doing tasks without needing human assistance, going beyond simple question-and-answer systems. These machines can handle important business tasks on their own. Some common uses for these machines include self-driving cars, robotic process automation, and virtual assistants, all aimed at making processes more efficient and reducing manual work.



Leveraging Hybrid Computing Systems

Combining Cloud, Edge, and Quantum Systems for Better Performance

Hybrid computing systems integrate multiple platforms including traditional, cloud, edge, quantum, and neuromorphic systems to collaboratively handle tasks. These systems improve efficiency by distributing workloads across different components. However, if the system is poorly designed or tasks are not allocated effectively, it can result in delays or operational failures.



Rising Demand for Cybersecurity Development

Integrating security at every stage of software development

Given the rise in cyber threats, cybersecurity has become a priority in software development. Developers are now expected to integrate security measures at every stage, from concept to deployment. This shift towards secure development practices aims to reduce vulnerabilities and protect sensitive data from constantly evolving cyberattacks.



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Investment Bankers for the Middle Market

About

R.L. Hulett is a middle-market investment bank based in St. Louis, Missouri, providing M&A and financial advisory services to middle-market companies. Since its founding in 1981, the firm has advised in over 280 transactions in a variety of industries including Software/Tech-Enabled Services, Business Services, Food & Consumer, Packaging, Transportation & Logistics, Healthcare and Industrials. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

Our Clients

\$10 - 250MM
Revenue

\$2 - 20MM
EBITDA

Middle Market
Privately Owned

Industries Served



**Software &
Tech-Enabled
Services**



Healthcare



**Plastics &
Packaging**



Industrials



**Transportation
& Logistics**



**Food &
Consumer**



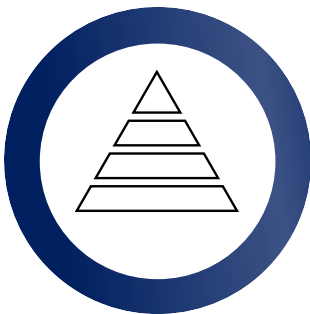
Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L. Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



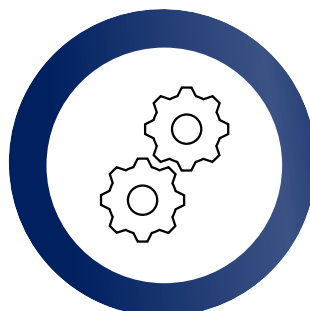
Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support

With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.



Restructuring: reorganization of your business

In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

Below are two recent transactions facilitated by R.L. Hulett, showcasing our expertise in the Software & Tech-Enabled Services sector. Each transaction exemplifies our commitment to delivering exceptional value and strategic growth for our clients.



has been acquired by



The Seller: Founded in St. Louis, Missouri in 1977, Mitchell Humphrey & Co. is a leading provider of public sector software solutions and IT services to municipalities and townships throughout the U.S. The Company's flagship solutions include FastTrackGov (FTG)—a web-based suite for licensing, permitting, code enforcement, and more—and Financial Management Software (FMS), designed to strengthen fiscal oversight for municipalities.

The Buyer: Founded by Andrew Draper and Bill Spittle in 2019, Tripleview acquires, innovates, and grows technology businesses focused on the public sector. The company invests in cloud-native solutions that support specialized public sector needs, ensuring ongoing support for existing products while developing user-friendly solutions for all users—from clerks to citizens.

Transaction Rationale: The acquisition expands Tripleview's portfolio with a suite of complementary public sector software solutions while providing MHC with the resources and infrastructure needed to accelerate growth and assist with a full cloud integration. In this transaction, R.L. Hulett acted as exclusive financial advisor to the Seller.



has sold substantially all
of its assets to



The Seller: Federated Software Group ("FSG") is a leading custom software engineering firm providing system development and related services to several mission-critical command & control and logistics systems operated by major commands within the U.S. Department of Defense.

The Buyer: Boeing, a leading aerospace & defense contractor with over \$73 billion in annual revenue, saw a fit for FSG within its integrated defense contracting platform under a company it had previously acquired called Tapestry Solutions.

Transaction Rationale: This acquisition expands Boeing's strategy to significantly expand their presence in the logistics command and control marketplace with FSG's existing contracts and customer relationships.

Over the years, R.L. Hulett has completed hundreds of transactions in a wide variety of industries. Below are several relevant transactions in the Software & Tech-enabled services sector. Please note that this list is not comprehensive.



Sold substantially all of
its assets to



Has been acquired by



PohlmanUSA

Has completed a
recapitalization with



Sold substantially all of
its assets to



Has acquired



Has been acquired by

SPELL CAPITAL



R. Trevor Hulett, CPA
Managing Director
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Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



David T. Vass
Director
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Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.



Christopher Riley
Senior Advisor
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Mr. Riley has owned, operated, and sold multiple businesses spanning five decades in the technology, fabrication, hospitality, real estate, social media, financial services, automotive, private equity and business services industries. He owns multiple companies, United Cutwater and Cutwater Advisory Partners, that focus on identifying, funding, growing, and exiting businesses at their Optimum Value. Prior to joining the firm, he worked in New York in the investment banking industry for 10 years. He began his career with American Express as an Estate and Tax Planning Specialist. With degrees in Finance and Philosophy and a Master's in Organizational Psychology, Chris was educated at Santa Clara University, the London School of Economics and the Harvard Business School. Chris is Series 79 and Series 63 licensed, has seven board certifications in cyber intelligence, and is a licensed forensic investigator.



Ron Litton
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Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



Ryan Hartman
Senior Analyst
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Ryan provides analytical support for senior-level deal managers and, as a senior analyst, supervises the preparation of confidential memorandums, financial models and industry research reports. Ryan graduated with a Bachelor of Science degree in Finance from The Freeman School of Business, Tulane University. Prior to joining the firm, Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



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Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.



Robert L. Hulett
In Memoriam:
1943-2024

Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.



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