

SAAS TRANSITION PROPELS APPLICATION DEVELOPMENT AND DEPLOYMENT M&A

APPLICATION DEVELOPMENT & DEPLOYMENT SECTOR UPDATE | MARCH 2025



**CAPSTONE
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Application Development & Deployment

SaaS Transition Propels Application Development and Deployment M&A

KEY SECTOR TAKEAWAYS

Capstone Partners' Technology, Media & Telecom (TMT) Group is pleased to share its Application Development (AppDev) & Deployment report. The AppDev & Deployment sector has continued to experience significant disruption, led by heightened demand for cloud-hosted applications. Sector participants have increasingly shifted to Software-as-a-Service (SaaS) models to capitalize on elevated cloud spending and deliver subscription-based solutions to streamline functions for developers. This shift contributed to record levels of sector merger and acquisition (M&A) activity in 2024. Several additional key report takeaways are outlined below.

1. Sector M&A volume and total disclosed deal value reached record highs in 2024, rising 10.2% and 29% year-over-year (YOY), respectively.
2. Private equity (PE) acquisitions in the space rose 26% YOY to comprise 40% of 2024 transactions as sponsors increasingly bolstered portfolio companies with cloud computing and SaaS capabilities.
3. While the Services segment continued to account for the majority of sector M&A targets in 2024, dealmaking in the Software segment increased 37.8% YOY with Europe- and U.K.-based targets receiving heightened buyer interest.
4. The rise of agile and development & operations (DevOps) environments have necessitated software testing throughout an application's lifecycle, driving strong acquisition and investment appetite in the Software Testing segment.
5. Growth capital invested in the AppDev & Deployment sector rebounded in 2024, largely driven by heightened appetite for artificial intelligence (AI)-enabled participants with SaaS models.

Capstone Partners has developed a full suite of corporate finance solutions to help privately-owned businesses and private equity firms navigate through each stage of a company's lifecycle. These solutions include financial advisory services, merger and acquisition advisory, debt advisory, equity capital financing and employee stock ownership plan (ESOP) advisory.

To learn more about Capstone's wide range of advisory services and AppDev & Deployment sector knowledge, please [contact us](#).



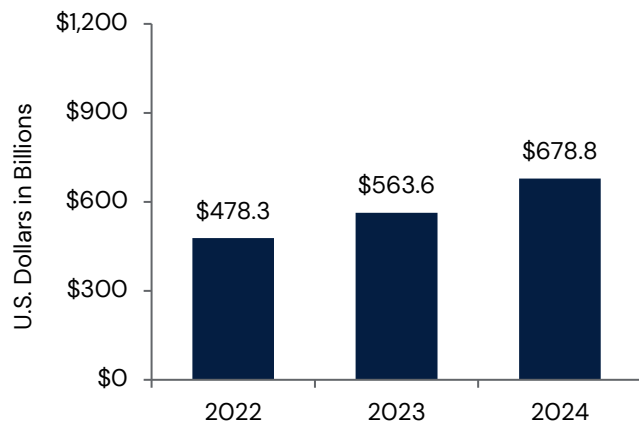
ELEVATED CLOUD SPENDING DRIVES SAAS TRANSITION

The AppDev & Deployment sector has experienced significant disruption stemming from technological advances and shifting deployment methodologies. Heightened demand for cloud-hosted applications has been at the forefront of this disruption as developers have increasingly required nimble, on-demand software solutions. Of note, global cloud spending rose 20.4% YOY to \$678.8 billion in 2024, according to Gartner.¹ SaaS products continued to garner the lion's share (35.9%) of global cloud spend in 2024. Many sector participants have transitioned to a SaaS model to capitalize on elevated cloud spending and deliver subscription-based tools to streamline application development, testing, security, and deployment. This transition undoubtedly contributed to a record-breaking AppDev & Deployment M&A market as acquirers increasingly pursued targets with recurring revenue derived from subscription-based SaaS offerings.

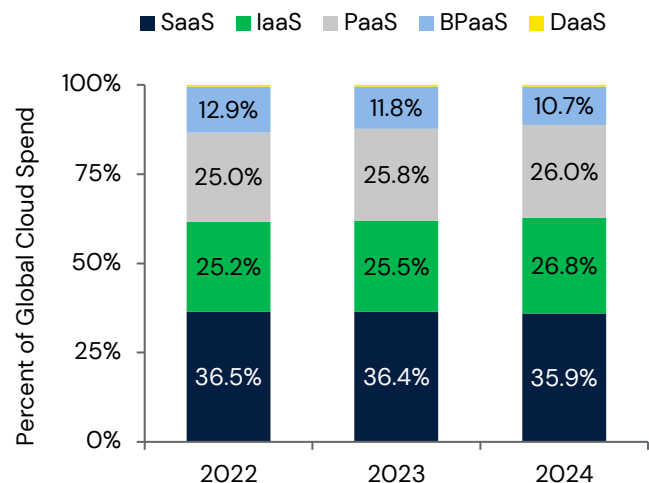


SaaS adoption has permeated nearly every corner of the AppDev & Deployment market, providing sector businesses with increased revenue and acquisition opportunities. ServiceNow (NYSE:NOW) demonstrated the effectiveness of a SaaS model in the Application Lifecycle Management segment, with subscription revenue gains of 23% YOY in fiscal year 2024, according to the company's Q4 2024 investor presentation.² Flush with cash, ServiceNow announced or completed six acquisitions in the sector throughout 2024. In the Software Testing segment, PE firm Francisco Partners announced the acquisition of Jama Software for an enterprise value of \$1.2 billion (March 2024). Francisco Partners plans to further expand Jama's SaaS solutions and capitalize on the company's strong recurring revenue mix, which Jama tripled organically over the past five years, according to a press release.³ Sector participants with robust recurring revenue profiles and SaaS offerings are expected to continue to pique buyer interest throughout 2025.

**Global Cloud Spending Rises
Year-Over-Year**



**SaaS Continues to Draw Lion's Share
of Global Cloud Spend**

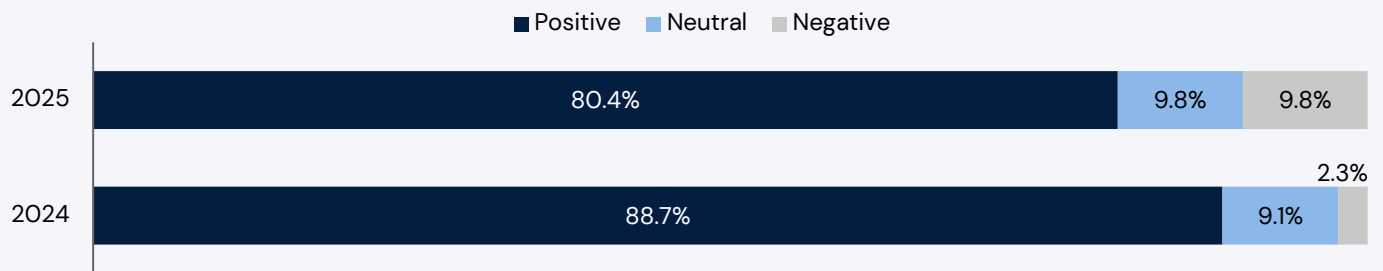


SaaS=Software-as-a-Service, IaaS=Infrastructure-as-a-Service, PaaS=Platform-as-a-Service,
BPaaS=Business Process-as-a-Service, DaaS=Desktop-as-a-Service
Note: DaaS represented 0.5% of global cloud spend in 2022, 2023, and 2024
Source: Gartner and Capstone Partners

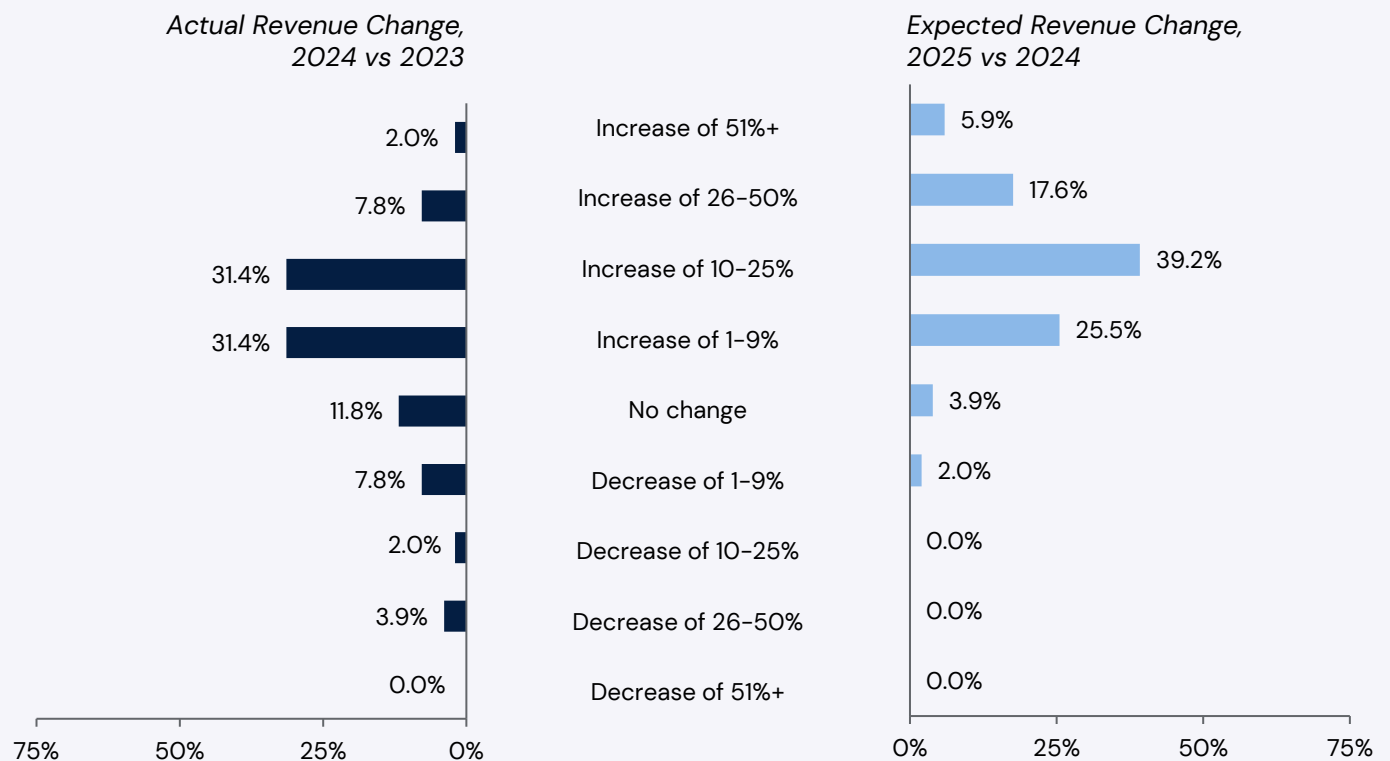
2025 TECHNOLOGY, MEDIA & TELECOM INDUSTRY EXPECTATIONS

The TMT industry has enjoyed robust demand as organizations have increasingly bolstered digital transformation efforts to enhance productivity and interoperability, creating a favorable backdrop for software and services businesses in the space. Of note, 26% of total business owners surveyed identified implementing technology-based tools and/or expanding online presence as their primary operational initiatives over the next 12 months, up from 18% in the prior year, according to [Capstone's 2024 Middle Market Business Owners Survey](#). This has materialized in strong revenue and acquisition opportunities for many TMT industry participants. In 2024, 72.6% of TMT industry business owners surveyed reported revenue gains and 88.2% have anticipated revenue growth for 2025. Healthy revenue expectations have resulted in widespread industry optimism, with more than 80% of operators in the space expressing a positive outlook on the TMT industry for 2025.

TMT Industry Outlook Remains Positive Year-Over-Year



TMT Industry Respondents Report Strong Revenue Gains and Expectations



Source: [Capstone Partners' 2024 Middle Market Business Owners Survey](#)
Technology, Media & Telecom Sample Size (N): 51



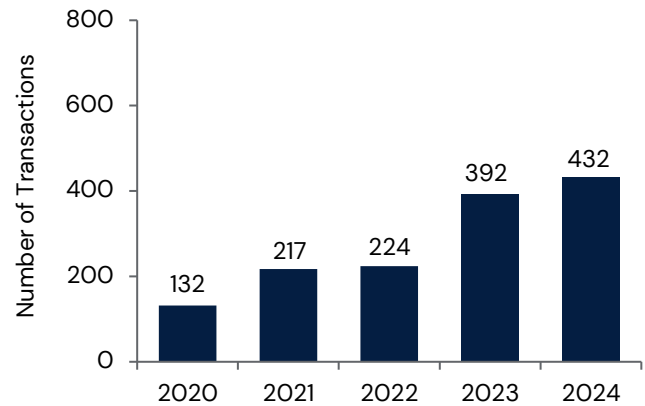
M&A VOLUME AND VALUATIONS HIT RECORD HIGH

M&A activity in the AppDev & Deployment sector reached a record high in 2024, with 432 transactions announced or completed. This represents a YOY increase of 10.2%. In comparison, 2024 dealmaking in the broader M&A market declined 5.8% YOY and the TMT industry experienced a modest YOY uptick of 2.2%, according to Capstone's Q4 2024 Capital Markets Update. A persistent strategic and PE buyer pool contributed to elevated levels of sector M&A activity, with both buyer groups engaging in competitive bid processes to capitalize on digital transformation tailwinds. Strategic acquirers continued to comprise the majority (60%) of sector transactions in 2024, led by private strategics rolling up middle market competitors to gain scale and automation capabilities. However, sponsor dealmaking in the space rose 26% YOY to comprise 40% of 2024 transactions. Robust dry powder levels, an easing Private Credit market, and interest rate cuts supported PE firms' ability to transact throughout the year. Sponsors largely pursued add-on transactions in 2024 (78.2% of sector PE deals) to enhance portfolio businesses with cloud computing and SaaS offerings.

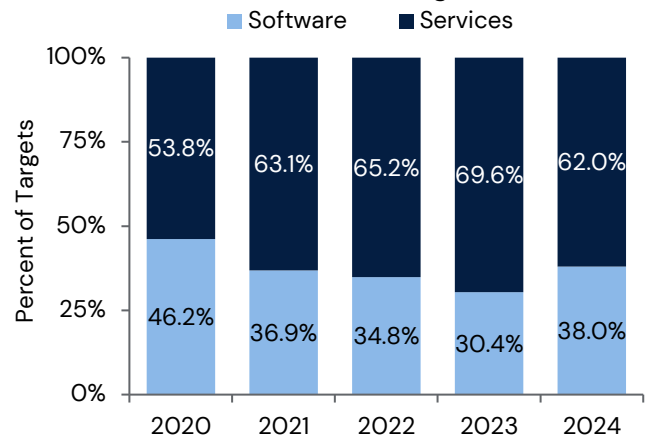
The Services segment continued to account for the majority (62%) of sector M&A targets in 2024, led by outsourced IT businesses and cloud transformation services providers. The Software segment garnered heightened M&A interest, with deal volume rising 37.8% YOY in 2024. Unadulterated by geographic borders, segment acquirers increasingly pursued businesses outside of North America to capitalize on Europe's and the U.K.'s expanding Software market. Software segment deals involving international-based targets increased 36.2% YOY in 2024.

M&A valuations in the AppDev & Deployment sector remained strong as buyers demonstrated a willingness to acquire scalable technology products and services providers in high growth verticals such as Software Testing (see next page). The average sector M&A EBITDA multiple in 2024 rose six turns YOY to a record-high of 16.8x. In addition, total disclosed deal value in the space jumped 29% YOY to \$52.1 billion in 2024. The Software segment comprised the vast majority (\$45.5 billion) of total disclosed sector M&A spend, further illustrating acquirers' appetite for global software providers serving a variety of geographic markets.

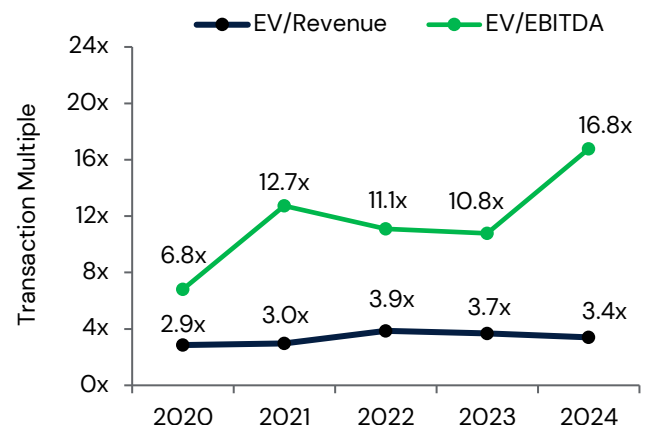
AppDev & Deployment Deal Volume Reaches New Heights in 2024



Services Targets Lead Sector M&A, Software Dealmaking Rebounds



Average Sector M&A EBITDA Multiple Spikes in 2024



Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

AUTOMATION DEMAND SPURS SOFTWARE TESTING M&A

Software testing providers, especially those with automation capabilities, have garnered robust demand as application development and deployment timelines have accelerated. Of note, nearly half (48%) of quality engineers surveyed indicated a lack of time as the primary hurdle to achieving software quality standards in 2024, according to Katalon’s 2024 State of Software Quality Report.⁴ The rise of agile and DevOps environments have also necessitated software testing throughout an application’s lifecycle, driving demand in key areas including Quality Assurance, Mobile Application Testing, and Mission-Critical Application Testing.

The Software Testing market has drawn strong acquisition interest, primarily driven by the maturation of the space and participants’ shift from a license & maintenance model to SaaS-based offerings. The transition to SaaS has often provided software testing companies with increased revenue visibility, attracting a healthy pool of strategic and PE buyers. In addition, many vertical software businesses serving mission-critical markets such as Automotive, Healthcare, and Government have pursued acquisitions in the Mission-Critical Application Testing subsegment. Buyers in this subsegment have typically targeted companies serving the same market for ease of integration, platform interoperability, and to ensure software quality standards.

Notable Software Testing M&A Deals



In November 2024, Insight Venture Management-backed IncrediBuild Software acquired Garden Germany for an undisclosed sum. Garden offers a development and testing automation platform for Kubernetes and cloud-native applications. IncrediBuild pursued the acquisition to bolster its acceleration capabilities throughout the DevOps lifecycle, integrating Garden’s automated end-to-end software testing function.













Etteplan (HLSE:ETTE), a provider of industrial software and equipment, acquired Affra in May 2024 (undisclosed). Affra specializes in software testing and Hardware-in-the-Loop testing for the Automotive and Transportation industries. Affra’s solutions ensure quality assurance during software development, complementing Etteplan’s embedded software products and strengthening its foothold in the Automotive space.

Francisco Partners-Backed SmartBear Continues Software Testing Acquisition Spree

Francisco Partners-backed SmartBear Software, a provider of software quality assurance and visibility solutions, continued to be an active buyer in the Software Testing segment in 2024. SmartBear announced or completed at least one add-on transaction each year since it was acquired by Francisco Partners in 2017 (undisclosed), bringing the company’s total add-on acquisition count to 11 deals as of year-end 2024. SmartBear’s acquisition strategy has been primarily focused on bolstering automated quality assurance capabilities for clients operating in highly regulated, mission-critical industries such as Healthcare, Financial Services, and Government.

SmartBear Software’s Add-On Acquisition Timeline

Year:	2018	2019	2020	2021	2022	2023	2024
Add-On Targets:	 Hiptest  Zephyr	 cucumber  BitBar	 TestManagement	 bugsnag	 PACT	 Aspecto  Stoplight	 Reflect  QMETRY



Source: Capital IQ, PitchBook, FactSet, and Capstone Partners



CAPSTONE ADVISES LDRA IN SALE TO FSN CAPITAL-BACKED TASKING

Capstone Partners advised LDRA on its sale to TASKING Germany, a portfolio company of FSN Capital, in February 2025. Terms of the transaction are confidential. LDRA provides software tools for code analysis and software testing for mission-critical markets. LDRA's tools achieve early error identification and elimination by enabling bi-directional requirements traceability, static, and dynamic code analysis, and unit- and system-level verification on a wide variety of hardware and software platforms. The company's extensive reporting capabilities help critical application development teams to mitigate risk and demonstrate compliance to security standards.

TASKING is a leading global provider of compilers, linkers, and debuggers to program microcontrollers for automotive and industrial applications. The acquisition of LDRA further enhances TASKING's security-oriented software ecosystem and broadens its capabilities for embedded software development tools and services. "With the acquisition of LDRA, we offer our customers a comprehensive portfolio to support the software development for safety-critical applications in a wide range of markets, including aerospace and automotive," said Gregor Zink, CEO of TASKING, in a [press release](#).

LDRA marks the fifth Capstone-advised transaction in the Software Testing market, following [PRQA](#), [Vector Software](#), [Test-Direct](#), and [Zend](#). Our deep market focus enables us to provide our clients with real-time transaction feedback and access to the most active acquirers in the space.



David DeSimone,
Managing Director

"The sale of LDRA marks Capstone Partners' fifth transaction in the Software Test Automation space. We are excited for the shareholders and employees at LDRA to begin a new chapter as part of a combined organization which will continue to provide development tools for mission-critical software developers around the globe."



SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise	EV / LTM	
				Value (mm)	Revenue	EBITDA
02/12/25	LDRA	TASKING Germany	Provides software tools for code analysis and software testing for mission-critical markets.	CF	CF	CF
12/31/24	Softchoice (TSX:SFTC)	World Wide Technology	Offers cloud migration, application modernization, and software asset management services.	\$1,266.0	1.6x	15.5x
12/23/24	SNP (XTRA:SHF)	Carlyle Beratungs	Develops software for the management of digital transformation processes.	\$503.4	2.0x	12.6x
12/19/24	Open San Consulting	Cook Inlet Region	Offers information technology development and testing services.	-	-	-
12/17/24	Tidelift	SonarSource	Develops SaaS-based open-source software management solutions for programmers.	-	-	-
12/11/24	ITsynch	Clear Peak Management	Offers tools for custom software development and computer-aided design drafting.	-	-	-
12/09/24	Paradyne Management	CATHEXIS	Provides AI, DevSecOps, and agile software development services.	-	-	-
12/03/24	QMetry	SmartBear Software	Operates a quality assurance platform for agile software testing.	-	-	-
11/28/24	EFA Automazione	Relatech	Provides data collection software tools for developers.	\$50.5	2.2x	12.6x
11/25/24	Vulcain	Traccomm (OTCPK:TRCC)	Offers a microservices architecture-based software analytics tool.	\$191.5	-	-
11/08/24	e.bs kumkeo	e.battery systems	Provides software development and testing solutions.	-	-	-
11/08/24	Webgenesys	TXT e-solutions (BIT:TXT)	Offers cloud-based development services.	\$68.1	2.0x	8.5x
11/05/24	Aspen Technology (Nasdaq:AZPN)	Emerson Electric (NYSE:EMR)	Develops applications for industrial software performance and management monitoring.	\$15,426.5	14.1x	38.6x
11/04/24	Garden Germany	IncrediBuild Software	Designs a development and testing automation platform for Kubernetes and cloud-native applications.	-	-	-
10/30/24	Altair Engineering (Nasdaq:ALTR)	Siemens Product Lifecycle Software	Provides software for simulation development, cloud computing, and data intelligence.	\$10,187.5	15.8x	-
08/09/24	Hylaine	SPP Management Services	Offers application development and delivery services.	-	-	-
07/24/24	Strategic Technology Analysis Center	Numerical Algorithms Group	Designs application testing software.	-	-	-
07/12/24	HeadSpin	Partner One Capital	Develops a mobile application testing platform for developers.	-	-	-
07/09/24	SiXworks	EDPM Consulting	Offers a rapid application development platform.	\$146.1	4.1x	25.6x
05/28/24	Affra	Etteplan (HLSE:ETTE)	Provides software testing for the Automotive and Transportation industries.	-	-	-
05/13/24	Skytap	Kyndryl Holdings (NYSE:KD)	Offers cloud-based development and test environments for modernizing applications.	\$51.0	-	-
05/13/24	Squarespace (NYSE:SQSP)	Permira Advisers	Provides a website development and publishing platform.	\$7,305.9	6.6x	55.7x

Blue shade indicates Capstone advised transaction; CF=confidential
Source: Capital IQ, PitchBook, FactSet, and Capstone Partners



BUYER UNIVERSE

Capstone has built relationships with and tracked buyers that have been highly acquisitive in the AppDev & Deployment sector, particularly those that have completed notable transactions. Our sector knowledge and network provides us with unique insights into this buyer universe and sector and growth drivers for the companies within it.

Leading Strategic Buyers



Leading Financial Buyers



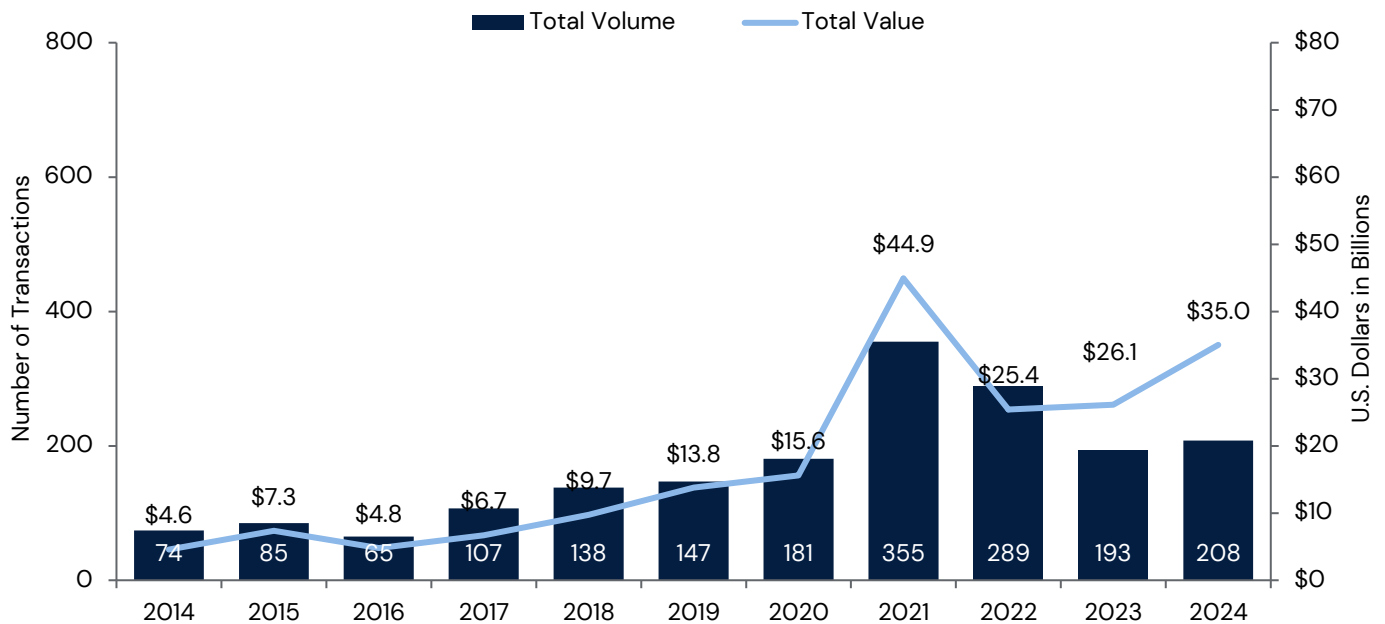
Source: Capstone Partners



SECTOR EQUITY FINANCING ACTIVITY REBOUNDS IN 2024

Growth capital invested in the AppDev & Deployment sector rebounded in 2024, largely driven by heightened appetite for AI-enabled participants. Total sector equity financing deal value reached \$35 billion in 2024, representing an increase of 34.1% compared to the prior year. The number of equity financing deals registered an uptick of 7.8% YOY in 2024. Growth capital investors in the space increasingly pursued larger deals, targeting mature startups with clearer exit visibility. This was evidenced by the median pre-money valuation for sector participants rising 64.7% YOY to \$350 million in 2024. AI-enabled businesses drew the majority (53.2%) of 2024 growth capital invested in the sector.

AppDev & Deployment Sector Draws Heightened Growth Capital Investment



AppDev & Deployment Median Pre-Money Valuation Spikes in 2024



*Data excludes deals less than \$25 million
Source: PitchBook and Capstone Partners*



NOTABLE FINANCING ROUNDS



\$38 Million
Series D
December 2024r

In December 2024, LambdaTest secured \$38 million in Series D financing for a post-money valuation of \$400 million. Avataar Ventures led the round. LambdaTest offers a cloud-based software testing platform, enabling developers and testers to automate debugging across different environments through AI. The company plans to utilize the funding to improve its AI capabilities.



\$25 Million
Series A
December 2024

Stainless raised \$25 million in a Series A funding round for a post-money valuation of \$152 million, led by a16z (December 2024). Existing investors Sequoia Capital and The General Partnership also participated in the round. The company provides an AppDev platform for the creation and testing of application programming interfaces. Stainless plans to enhance its automation with the funding.



\$1.3 Billion
PE Growth
November 2024

Tricentis, a developer of software testing and quality assurance tools, secured \$1.3 billion in growth funding from PE firm GTCR in November 2024. The financing brought Tricentis' post-money valuation to \$4.5 billion. GTCR pursued the investment to capitalize on Tricentis' strong recurring revenue, which rose ~27% YOY to ~\$425 million in 2024, according to a press release.⁵



\$100 Million
Series A
November 2024

In November 2024, Tessl raised \$100 million in Series A financing for a post-money valuation of \$500 million. The round was led by Index Ventures. Existing investors GV and Boldstart Ventures also participated in the round. Tessl provides an AI-native development platform for programmers to generate and test code. The company plans to use the financing for platform optimization.



\$37.5 Million
Series B
November 2024

Roboflow, a developer of system tools for building computer vision applications, secured \$37.5 million in Series B funding for a post-money valuation of \$295.5 million (November 2024). GV led the round, joined by existing investors Craft Ventures and Y Combinator. The additional capital is expected to aid Roboflow in developing open-source tools for computer vision application deployment.



\$500 Million
Series B
October 2024

In October 2024, Poolside raised \$500 million in Series B financing for a post-money valuation of \$3 billion. The round was led by Bain Capital Ventures. Poolside develops an AI-based programming tool to autocomplete software code. The Series B funding enables Poolside to bolster its research and development efforts and go-to-market strategy in the U.S. and Europe.

EQUITY CAPITAL MARKETS GROUP

The [Equity Capital Markets Group](#) focuses on raising equity capital financing for growth-oriented companies and is active in the AppDev & Deployment sector. Our team works closely with our TMT Group to help our clients secure equity capital to fund growth initiatives, recapitalize the balance sheet (often including shareholder liquidity), and to finance M&A transactions.

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PUBLIC COMPANY TRADING MULTIPLES REMAIN STRONG

Segment	% 52 Wk High	Enterprise Value	EV / LTM		EBITDA Margin
			Revenue	EBITDA	
Application Lifecycle Management	90.3%	\$85,177.7	12.9x	32.6x	19.5%
Application Programming Interface	91.3%	\$8,256.5	3.1x	14.3x	9.6%
Architecture & Design	85.5%	\$69,688.0	8.1x	33.4x	32.9%
Collaboration	85.1%	\$12,886.5	4.7x	41.2x	13.6%
Development	73.7%	\$6,279.4	10.5x	NM	NM
Low-Code & No-Code	88.6%	\$81,380.0	6.0x	29.4x	20.6%
Multi-Segment Vendors	92.1%	\$787,438.9	8.3x	24.4x	31.0%
Performance Management	82.5%	\$29,587.9	13.4x	68.8x	9.9%
Rapid Application Development	78.1%	\$1,997.0	3.9x	7.3x	134.8%
Security	73.2%	\$31,553.1	7.6x	23.5x	17.0%
Testing Automation	97.9%	\$9,854.9	2.9x	9.4x	25.7%

Source: Capital IQ and Capstone Partners as of January 21, 2025

PUBLIC COMPANY DATA BY SEGMENT

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	01/21/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
APPLICATION LIFECYCLE MANAGEMENT									
Nutanix, Inc.	\$65.14	85.9%	\$17,452.8	\$17,081.5	\$2,228.7	\$166.9	7.5%	7.7x	NM
PTC Inc.	\$187.79	92.5%	\$22,601.6	\$24,266.1	\$2,298.5	\$744.6	32.4%	10.6x	32.6x
ServiceNow, Inc.	\$1,071.48	92.5%	\$221,064.5	\$214,185.5	\$10,464.0	\$1,955.0	18.7%	20.5x	NM
Mean		90.3%	\$87,039.7	\$85,177.7	\$4,997.1	\$955.5	19.5%	12.9x	32.6x
Median		92.5%	\$22,601.6	\$24,266.1	\$2,298.5	\$744.6	18.7%	10.6x	32.6x
APPLICATION PROGRAMMING INTERFACE									
74Software	\$28.18	87.7%	\$819.7	\$915.6	\$345.2	\$64.0	18.6%	2.7x	14.3x
Twilio Inc.	\$111.94	94.9%	\$17,169.8	\$15,597.5	\$4,339.2	\$29.8	0.7%	3.6x	NM
Mean		91.3%	\$8,994.7	\$8,256.5	\$2,342.2	\$46.9	9.6%	3.1x	14.3x
Median		91.3%	\$8,994.7	\$8,256.5	\$2,342.2	\$46.9	9.6%	3.1x	14.3x

EV=enterprise value; LTM=last twelve months
NM=not meaningful; \$ in millions except per share data

Source: Capital IQ and Capstone Partners as of January 21, 2025



PUBLIC COMPANY DATA BY SEGMENT (CONTINUED)

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	01/21/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
ARCHITECTURE & DESIGN									
Adobe Inc.	\$429.99	67.4%	\$187,174.6	\$185,344.6	\$21,505.0	\$8,510.0	39.6%	8.6x	21.8x
ANSYS, Inc.	\$349.93	96.4%	\$30,601.4	\$30,173.9	\$2,467.7	\$841.8	34.1%	12.2x	35.8x
Autodesk, Inc.	\$291.45	89.2%	\$62,617.3	\$63,218.3	\$5,961.0	\$1,486.0	24.9%	10.6x	42.5x
InVision Aktiengesellschaft	\$5.82	88.9%	\$13.0	\$15.2	\$16.4	NM	NM	0.9x	NM
Mean		85.5%	\$70,101.6	\$69,688.0	\$7,487.5	\$3,612.6	32.9%	8.1x	33.4x
Median		89.1%	\$46,609.3	\$46,696.1	\$4,214.4	\$1,486.0	34.1%	9.6x	35.8x
COLLABORATION									
Box, Inc.	\$31.53	88.2%	\$4,531.0	\$5,080.0	\$1,073.5	\$130.8	12.2%	4.7x	38.8x
DocuSign, Inc.	\$89.60	83.1%	\$18,098.6	\$17,286.8	\$2,912.9	\$258.1	8.9%	5.9x	67.0x
Zoom Video Communications, Inc.	\$78.07	84.1%	\$23,928.1	\$16,292.6	\$4,627.8	\$909.1	19.6%	3.5x	17.9x
Mean		85.1%	\$15,519.2	\$12,886.5	\$2,871.4	\$432.7	13.6%	4.7x	41.2x
Median		84.1%	\$18,098.6	\$16,292.6	\$2,912.9	\$258.1	12.2%	4.7x	38.8x
DEVELOPMENT									
GitLab Inc.	\$63.02	80.2%	\$10,228.1	\$9,356.9	\$711.6	NM	NM	13.1x	NM
IFrog Ltd.	\$32.75	67.1%	\$3,653.7	\$3,201.8	\$409.7	NM	NM	7.8x	NM
Mean		73.7%	\$6,940.9	\$6,279.4	\$560.6	NM	NM	10.5x	NM
Median		67.1%	\$3,653.7	\$3,201.8	\$409.7	NM	NM	10.5x	NM
LOW-CODE & NO-CODE									
Netcall plc	\$1.24	87.4%	\$203.9	\$162.6	\$49.4	\$7.4	15.1%	3.3x	21.9x
Pegasystems Inc.	\$103.29	98.1%	\$8,857.5	\$8,737.5	\$1,480.6	\$220.2	14.9%	5.9x	39.7x
salesforce.com, inc.	\$324.56	88.0%	\$310,603.9	\$310,024.9	\$37,189.0	\$10,290.0	27.7%	8.3x	30.1x
Temenos AG	\$80.19	81.2%	\$5,852.1	\$6,594.9	\$1,023.2	\$252.7	24.7%	6.4x	26.1x
Mean		88.6%	\$81,379.3	\$81,380.0	\$9,935.5	\$2,692.6	20.6%	6.0x	29.4x
Median		87.7%	\$7,354.8	\$7,666.2	\$1,251.9	\$236.5	19.9%	6.2x	32.0x

EV=enterprise value; LTM=last twelve months
 NM=not meaningful; \$ in millions except per share data

Source: Capital IQ and Capstone Partners as of January 21, 2025



PUBLIC COMPANY DATA BY SEGMENT (CONTINUED)

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
	01/21/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
MULTI-SEGMENT VENDORS									
Alphabet Inc.	\$196.00	97.3%	\$2,407,813.7	\$2,343,872.7	\$339,859.0	\$127,757.0	37.6%	6.9x	18.3x
Atlassian Corporation Plc	\$252.36	87.6%	\$65,723.0	\$64,750.9	\$4,568.6	NM	NM	14.2x	NM
Cisco Systems, Inc.	\$60.23	98.8%	\$239,881.5	\$253,748.5	\$52,976.0	\$14,972.0	28.3%	4.8x	16.9x
Hewlett Packard Enterprise	\$23.14	95.5%	\$30,436.8	\$36,061.8	\$30,127.0	\$5,439.0	18.1%	1.2x	6.6x
International Business Machines	\$224.79	93.9%	\$207,851.0	\$254,357.0	\$62,580.0	\$13,276.8	21.2%	4.1x	19.2x
Microsoft Corporation	\$429.03	91.6%	\$3,189,786.9	\$3,208,195.9	\$254,190.0	\$136,552.0	53.7%	12.6x	23.5x
Oracle Corporation	\$161.03	81.2%	\$450,393.8	\$539,116.8	\$54,933.0	\$22,336.0	40.7%	9.8x	24.1x
SAP SE	\$266.22	99.7%	\$309,714.1	\$308,763.6	\$37,102.4	\$8,573.0	23.1%	8.3x	36.0x
Synopsys, Inc.	\$526.70	83.7%	\$81,416.5	\$78,083.0	\$6,127.4	\$1,546.0	25.2%	12.7x	50.5x
Mean		92.1%	\$775,890.8	\$787,438.9	\$93,607.0	\$41,306.5	31.0%	8.3x	24.4x
Median		93.9%	\$239,881.5	\$254,357.0	\$52,976.0	\$14,124.4	26.7%	8.3x	21.3x
PERFORMANCE MANAGEMENT									
Datadog, Inc.	\$138.40	81.4%	\$47,017.7	\$44,788.0	\$2,536.2	\$163.0	6.4%	17.7x	NM
Dynatrace, Inc.	\$51.30	83.5%	\$15,312.2	\$14,387.8	\$1,563.3	\$209.3	13.4%	9.2x	68.8x
Mean		82.5%	\$31,165.0	\$29,587.9	\$2,049.7	\$186.1	9.9%	13.4x	68.8x
Median		82.5%	\$31,165.0	\$29,587.9	\$2,049.7	\$186.1	9.9%	13.4x	68.8x
RAPID APPLICATION DEVELOPMENT									
Appian Corporation	\$32.80	75.7%	\$2,386.5	\$2,566.1	\$595.7	NM	NM	4.3x	NM
IAR Systems Group AB (publ)	\$11.79	69.3%	\$154.9	\$144.5	\$51.9	\$122.2	235.6%	2.8x	1.2x
Progress Software Corporation	\$62.94	89.2%	\$2,700.4	\$3,280.5	\$715.4	\$242.9	33.9%	4.6x	13.5x
Mean		78.1%	\$1,747.3	\$1,997.0	\$454.3	\$182.5	134.8%	3.9x	7.3x
Median		75.7%	\$2,386.5	\$2,566.1	\$595.7	\$182.5	134.8%	4.3x	7.3x

EV=enterprise value; LTM=last twelve months
 NM=not meaningful; \$ in millions except per share data

Source: Capital IQ and Capstone Partners as of January 21, 2025

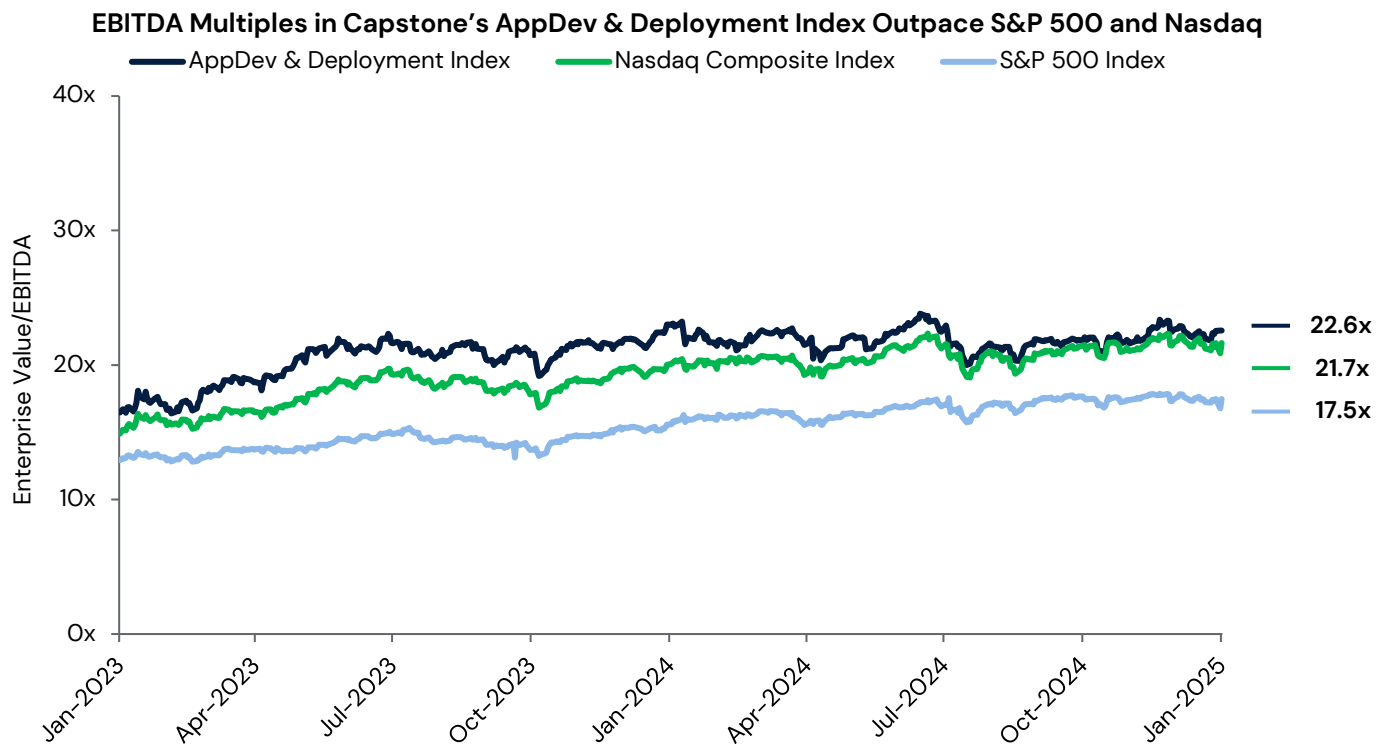


PUBLIC COMPANY DATA BY SEGMENT (CONTINUED)

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	01/21/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
SECURITY									
Palo Alto Networks, Inc.	\$177.11	85.5%	\$116,219.6	\$113,926.9	\$8,288.2	\$1,250.4	15.1%	13.7x	NM
Qualys, Inc.	\$136.97	68.1%	\$5,011.6	\$4,486.2	\$593.0	\$215.6	36.4%	7.6x	20.8x
Rapid7, Inc.	\$38.84	62.8%	\$2,454.9	\$3,032.8	\$833.0	\$115.9	13.9%	3.6x	26.2x
Tenable Holdings, Inc.	\$40.83	76.3%	\$4,905.1	\$4,766.4	\$877.6	\$22.7	2.6%	5.4x	NM
Mean		73.2%	\$32,147.8	\$31,553.1	\$2,647.9	\$401.1	17.0%	7.6x	23.5x
Median		72.2%	\$4,958.4	\$4,626.3	\$855.3	\$165.8	14.5%	6.5x	23.5x
TESTING AUTOMATION									
Akamai Technologies, Inc.	\$113.75	99.6%	\$17,157.1	\$19,511.1	\$3,744.7	\$1,374.5	36.7%	5.2x	14.2x
SRA Holdings, Inc.	\$23.77	96.2%	\$296.2	\$198.7	\$298.1	\$43.7	14.6%	0.7x	4.6x
Mean		97.9%	\$8,726.6	\$9,854.9	\$2,021.4	\$709.1	25.7%	2.9x	9.4x
Median		97.9%	\$8,726.6	\$9,854.9	\$2,021.4	\$709.1	25.7%	2.9x	9.4x

EV=enterprise value; LTM=last twelve months
NM=not meaningful; \$ in millions except per share data

Source: Capital IQ and Capstone Partners as of January 21, 2025



Source: Capital IQ and Capstone Partners as of January 21, 2025
AppDev & Deployment Index includes: 3855, 74SW, ADBE, ADSK, AKAM, ANSS, APPN, BOX, CRM, CSCO, DDOG, DOCU, DT, FROG, GOOGL, GTLB, HPE, IAR B, IBM, IVX, MSFT, NET, NOW, NTNX, ORCL, PANW, PEGA, PRGS, PTC, QLYS, RPD, SAP, SNPS, TEAM, TEMN, TENB, TWLO, ZM



APPDEV & DEPLOYMENT REPORT CONTRIBUTORS

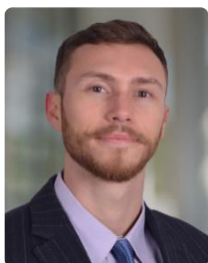


David DeSimone

Managing Director

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David DeSimone rejoined the Boston office in 2015 as a Director in the Technology & Telecom Group. David brings more than 15 years of investment banking experience to Capstone Partners and will help expand the firm's technology sector coverage. David has worked on equity, debt and M&A transactions collectively valued at more than \$4 billion. Previously, David was a member of the Capstone team for nearly seven years where he led efforts in the Technology Solutions vertical as a Vice President and Director. Prior to rejoining Capstone, David served as a Principal at Bowen Advisors, an M&A and strategic advisory firm focused on technology companies including communications and healthcare IT. David has also worked as a Vice President at Boenning & Scattergood, a Philadelphia-based middle market investment bank, where he worked with clients across a variety of industries and developed the firm's technology practice. He spent his early career working at Needham & Company, Robertson Stephens and J.P. Morgan.



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Max serves as Vice President on Capstone's Market Intelligence Team. He provides M&A insights, proprietary research analysis, and macroeconomic trends for C-suite middle market executives, specializing in the coverage of the Business Services, Financial Technology & Services, and Technology, Media & Telecom industries. Prior to joining Capstone, Max was an analyst at Lab42 Research, a Chicago-based market research firm. During his time at Lab42 Research, he specialized in the development, implementation, and analysis of proprietary research projects for clients in the Business Services, Consumer, Financial Services, Government, and Technology industries.

FIRM AWARDS & ACCOLADES

Capstone Partners is consistently recognized as an elite middle market firm by multiple leading industry organizations. This has afforded our clients with immediate market credibility in the acquirer and investor communities. From 2016 to 2024, Capstone has received 22 "investment banking firm of the year" awards from organizations such as The M&A Atlas Awards, The M&A Advisor, M&A Today, and ACQ5. A sampling of Capstone's recent awards is shown below.





FIRM TRACK RECORD

Capstone has represented, and currently represents, numerous companies in the [TMT industry](#) and AppDev & Deployment sector. Sample recent engagements include the following:



- Provides software tools for code analysis and software testing for mission-critical markets



- Provides software development and cloud transition services for the Telecom industry



- Developer of a low-code software platform for enterprise applications



- Source code analysis software that improves code quality and security



- Automated embedded software testing tools for safety-critical industries



- Mobile application development automation platform for media and sports



- Provides independent information technology testing and quality assurance services



- Leader in end-to-end PHP web and mobile AppDev & Deployment software solutions



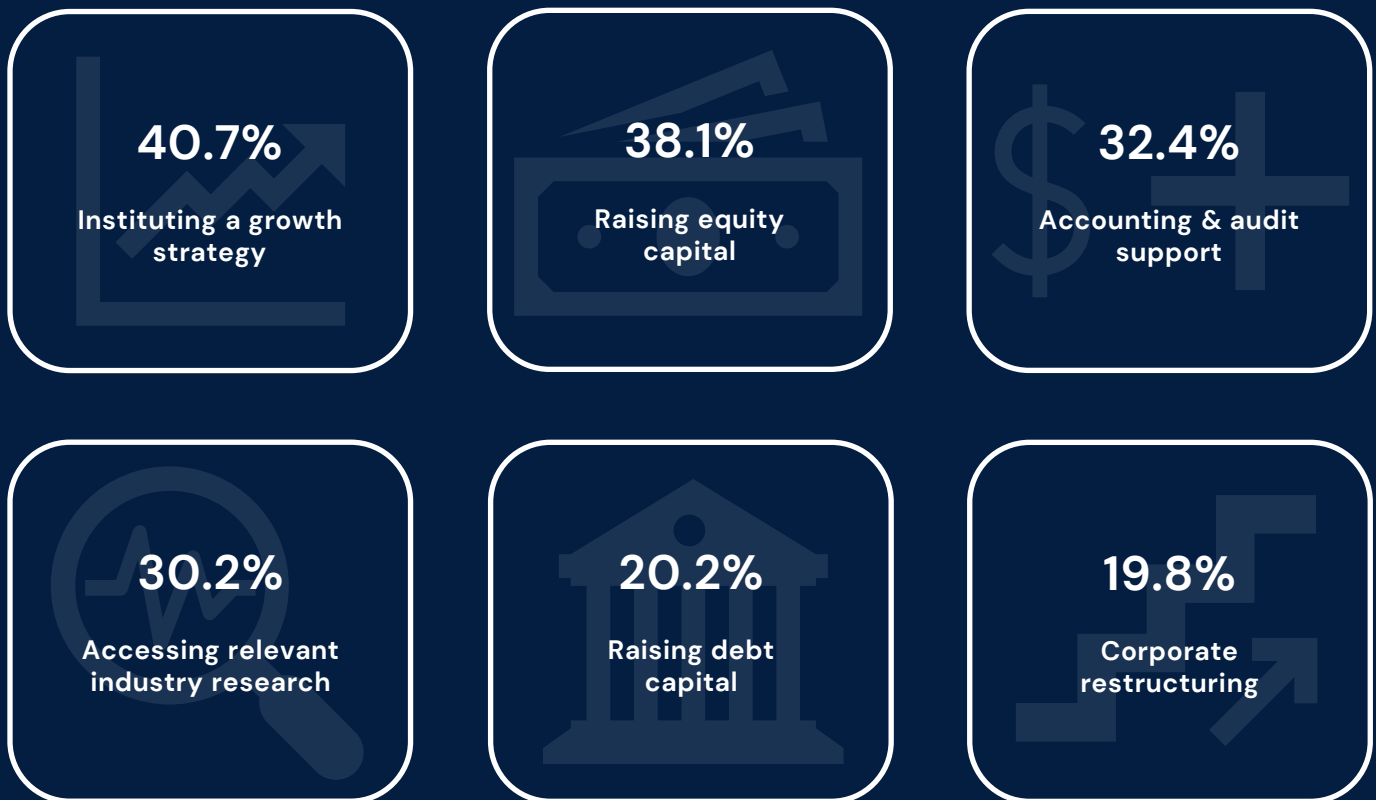
- Provides application service automation software for data center applications

CAPSTONE'S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The stage and initiatives of a business often dictate which financial services are in demand. As the bulk of CEOs polled in Capstone's 2024 Middle Market Business Owners Survey indicated growth strategies are a priority for 2025, the lion's share (40.7%) of owners anticipate a need for growth strategy support services. Similarly, 38.1% of CEOs require equity capital advisory services to support operational initiatives and business expansion. Nearly one-third of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, 30.2% of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company's lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed specialty advisory practices to provide financial performance, buy-side, employee stock ownership plan (ESOP), and equity and debt services. All of these capabilities are supported by 12 industry banking groups, an active sponsor coverage group, and a dedicated Market Intelligence Team.

Top Financial Services Required by Business Owners in 2025



Question: Have you ever had, or do you anticipate having, a need for any of the following services?
Source: Capstone Partners' Middle Market Business Owner Survey, Rebased Sample Size (N): 278



ENDNOTES

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Common Goals. Uncommon Results.

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Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 49 countries.

