SIGNALS

2026 Tech M&A –Q3 Update

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Introduction



Welcome to ***Signals***, a briefing on technology company growth and M&A. Our purpose is to provide insights into the M&A landscape that are useful to founders operating in the <$50M enterprise value segment, often called the lower middle-market. We want to inform and connect with business leaders through guidance that aids their growth, corporate development and shareholder value decisions.

Signals covers current aspects of the tech M&A landscape. In this briefing, we report on M&A trends for technology companies and provide special insight into how AI is changing business models, resetting valuations and how founders should respond. This report includes our insights gained from our transaction experience working closely with founders and buyers to complete successful transactions.

The AI Reset

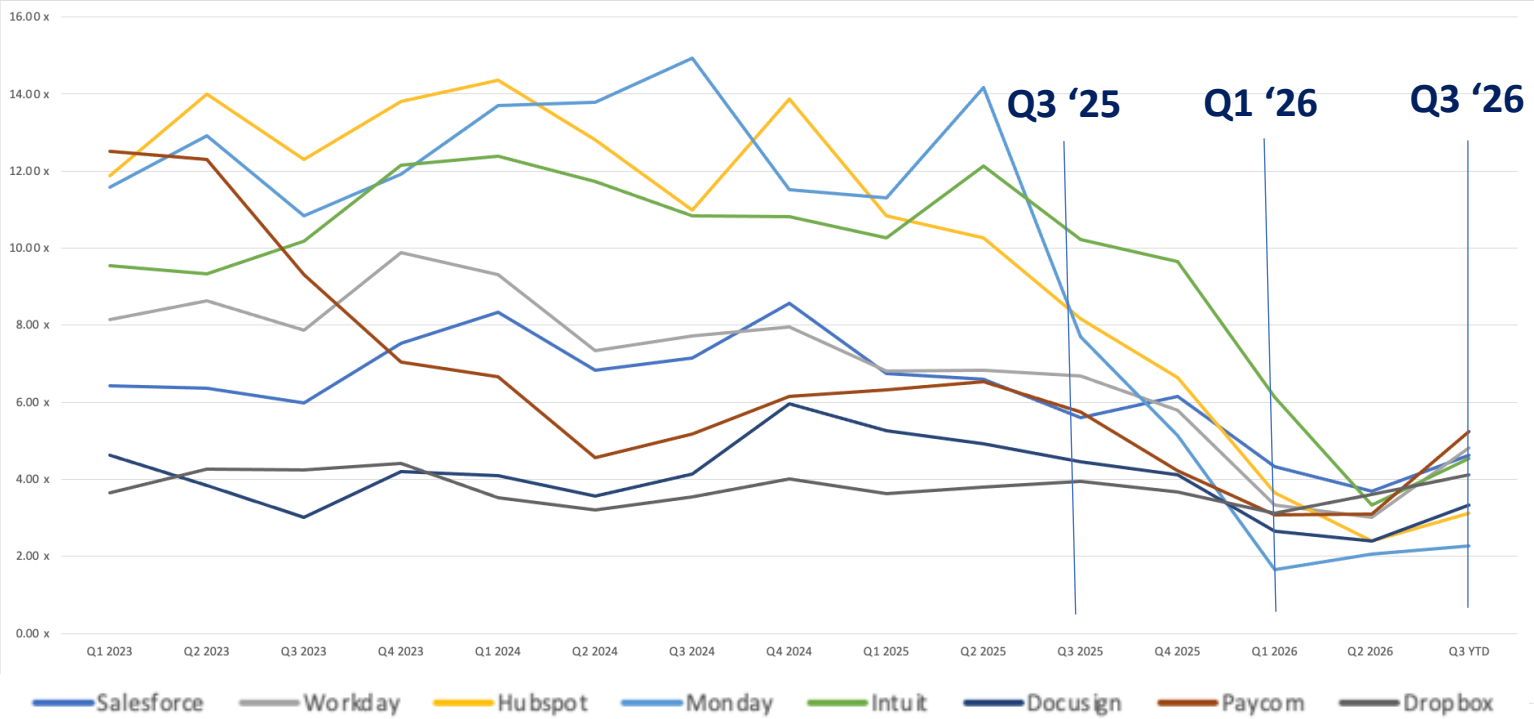
The SaaS apocalypse was overstated.
Software M&A did not disappear.
The market started repricing what it considers valuable.

The M&A market is open,
but the market for undifferentiated technology is not.

We call this “The AI Reset.”

The AI Reset – Public Markets

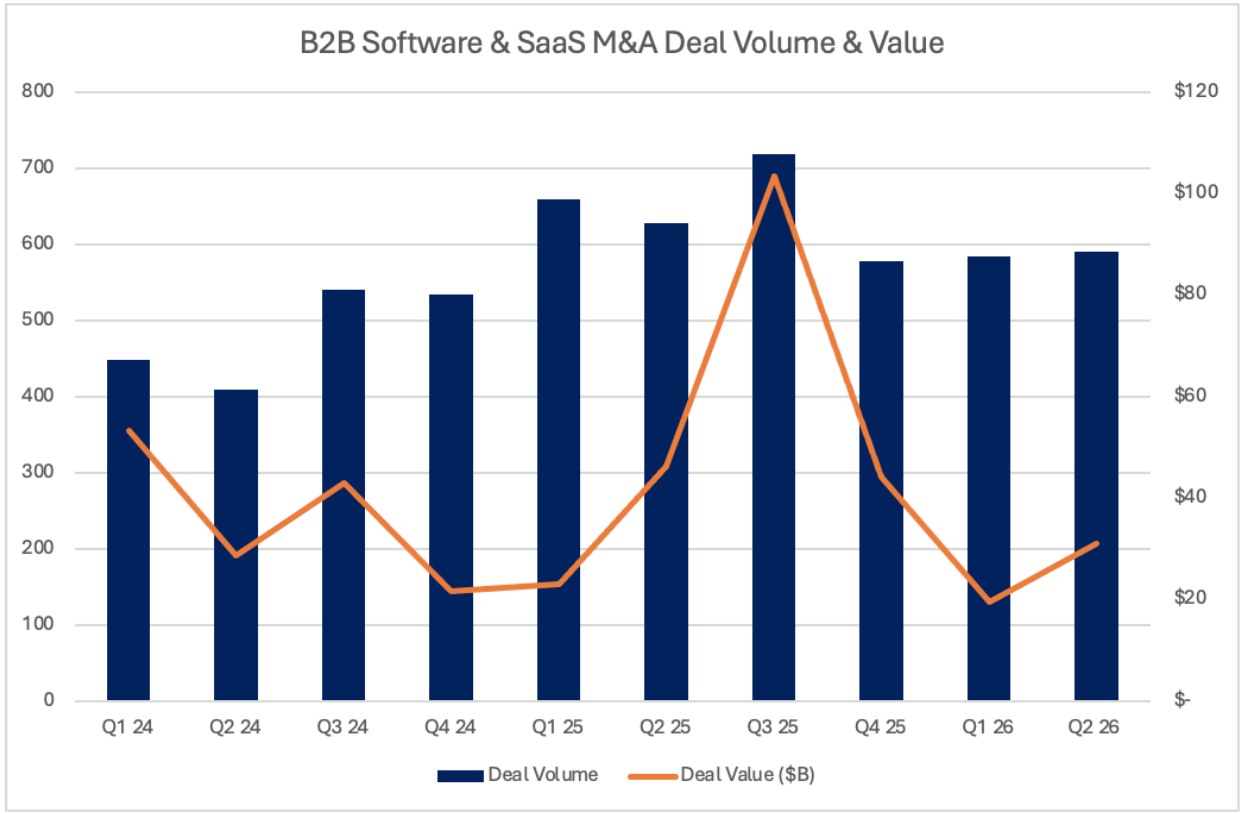
H1 2026 SaaS Valuations: The market repriced software, and then began distinguishing between companies that are vulnerable to it and those than can exploit it



- Public SaaS Valuations dropped sharply in Q1 but began to recover in Q2 and Q3 YTD.
- Companies that were able to demonstrate strong underlying earnings or articulate a credible strategy for incorporating AI into their offerings, such as Dropbox, experienced a stronger recovery in valuation multiples.

The AI Reset – M&A Market

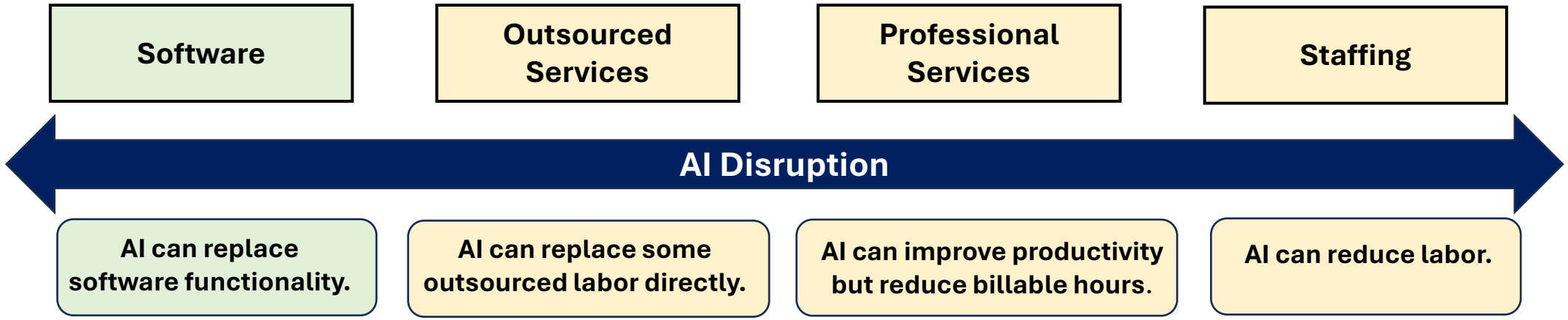
H1 2026 SaaS M&A Market: The market remains open, but buyers are increasingly selective



- **M&A activity has remained resilient, but the market has become increasingly selective.** While B2B software and SaaS deal volume has remained relatively strong, deal value has been considerably more volatile.
- **Deal values are beginning to recover**, rising ~58% QoQ in Q2 2026, suggesting renewed appetite for larger, higher-conviction transactions.

The AI Reset – Knowledge Work

The impact of AI extends beyond software, with value shifting across the software and outsourced services landscape



Conclusions

1. AI has challenged the traditional economics of software.
2. The disruption extends across the broader knowledge-work ecosystem.
3. This disruption creates a more nuanced set of winners and losers.

The 2026 Buyer Underwriting Framework

Across software and services, buyers are increasingly underwriting durability, defensibility and the ability to capture AI-driven productivity gains.

Valuation Factor	Software Metrics	Services Metrics
1. Revenue durability	ARR / recurring revenue	Contracted / recurring client revenue
2. Customer retention	NRR, GRR, churn	Client retention, renewal rates
3. Workflow embeddedness	Mission-critical software	Embedded operational relationship
4. Proprietary data	Data accumulated through platform	Domain-specific / proprietary datasets
5. AI readiness	AI-native product / integration	AI-enabled delivery / automation
6. Vertical / domain expertise	Industry-specific functionality	Specialized labor / expertise
7. Margin trajectory	Gross margin + FCF leverage	Gross margin + labor productivity
8. Ability to expand TAM	New products / customers / use cases	New services / geographies / functions
9. Measurable ROI	Revenue uplift / cost savings	Cost savings / productivity / outcomes
10. Build-vs-buy advantage	Faster than building internally	Cheaper / better than insourcing

The 2026 Buyer Underwriting Framework

Valuation multiples directly reflect AI defensibility—discounting generic SaaS while rewarding proprietary data flywheels and AI-native scale.

2–4x

AI-Exposed & Generic

Low growth / Commodity SaaS

- Wrapper apps with light workflow depth
- Seat-based pricing vulnerable to AI replacement
- Sub-100% NRR & decaying gross margins

4–7x

Quality Defensible SaaS

Solid growth / Niche lock-in

- Mission-critical workflow execution
- Rule of 40 performance with positive EBITDA
- High switching costs & stable retention

7–10x+

Vertical Data & AI Moat

Embedded Fintech / Domain AI

- Deep industry data flywheels & system of record
- AI copilot + autonomous task automation
- NRR > 115% with expansion pricing

10x+

AI-Native Leader

Strategic Scarcity / High Growth

- Proprietary foundation models / execution layer
- Outcome-based usage or API monetization
- Hyper-scale revenue growth (>50% YoY)

Indicative valuations in revenue multiples

The New Build-vs.-Buy Equation

AI makes basic technology easier to build — and strategic technology more valuable to acquire.

BUILD



- Generic AI features
- Internal productivity tools
- Commodity copilots
- Basic automation

BUY



- Proprietary data
- Vertical expertise
- Mission-critical workflows
- Regulatory knowledge
- Customer distribution
- Proven AI implementation

BUYER TEST



- Can we build it faster?
- Can we acquire the capability now?
- Does it accelerate our roadmap?
- Does it create defensible workflow control?

Source: PwC, Technology: US Deals 2026 Midyear Outlook.

Software Deal Corner

Recent software M&A highlights a shift toward capability-driven acquisitions, with buyers increasingly underwriting strategic relevance alongside traditional measures of growth and recurring revenue. Salesforce's acquisition of Fin demonstrates the value of AI capabilities that can be embedded into established workflows, while Cyera's acquisition of Oasis reflects a new market for solutions to secure AI agents. Thoma Bravo's acquisition of Accelerant further highlights the value of proprietary data, vertical expertise and deeply embedded workflows. Together, these transactions suggest that buyers are increasingly seeking assets with differentiated capabilities that can expand TAM, strengthen competitive positioning and create value from the adoption of AI.

Target	Acquirer	Deal Value	Multiple	Date
ACCELERANT	THOMA BRAVO	$4B	3.7x	Aug 2026

Thoma Bravo acquired Accelerant, a data-driven specialty insurance risk exchange, at an enterprise value of more than $4B. The transaction highlights the **strategic value of proprietary data, specialized domain expertise and deeply embedded industry workflows**

Target	Acquirer	Deal Value	Multiple	Date
CYERA	OASIS	$1B	100x	Jul 2026

Cyera's acquisition of Oasis adds identity security for non-human identities and AI agents, positioning the combined platform to address a security need created by the proliferation of autonomous AI agents. It illustrates buyers underwriting **new categories of infrastructure emerging from AI adoption**, rather than simply enhancing legacy software.

Target	Acquirer	Deal Value	Multiple	Date
Fin	salesforce	$3.6B	9.5x	Jun 2026

Salesforce acquired Fin, an AI customer-service agent platform, to accelerate Agentforce and expand AI-driven automation across customer service. The deal demonstrates willingness to pay for **AI capabilities that can be directly integrated into an existing enterprise workflow and customer base.**

Outsourced Services Deal Corner

Recent outsourced-services M&A highlights the continued value of recurring client relationships and embedded business processes. Transactions across outsourced HR, accounting and BPO demonstrate that buyers are acquiring established customer relationships and workflows that can be scaled, cross-sold and increasingly enhanced through technology. While AI creates a potential substitution risk for labor-intensive service delivery, it also provides an opportunity to automate processes, improve margins and expand the scope of services delivered to existing customers.

Target	Acquirer	Deal Value	Date
HARTE HANKS	Star Equity Holdings	$38.4M	Aug 2026

Star Equity's acquisition of Harte Hanks expands its outsourced-services platform across customer care, marketing, sales and fulfillment, with the acquisition thesis centered on **scaling embedded client relationships, cross-selling capabilities and realizing ~$10 million of cost synergies.**

Target	Acquirer	Deal Value	Date
MICHIGAN CFO ASSOCIATES	UHY®	N/A	Aug 2026

UHY's acquisition of Michigan CFO Associates expands UHY's growing Client Accounting Services platform with fractional CFO and financial leadership capabilities, **adding recurring, embedded finance relationships with entrepreneur-led businesses.**

Target	Acquirer	Deal Value	Date
PAYmasters	DecisionHR	N/A	Jul 2026

DecisionHR's acquisition of Paymasters expands its PEO platform into the Midwest, adding **recurring payroll, HR and benefits relationships while increasing geographic scale.**

Professional Services Deal Corner

Recent professional-services transactions highlight increasing investor appetite for scaled platforms with durable client relationships, specialized expertise and opportunities to leverage AI to enhance productivity. Grant Thornton's acquisition of CBIZ demonstrates the value of scale and cross-selling, while KKR's investment in Crowe and Reverence Capital's investment in Eide Bailly highlight the growing role of private equity capital in accelerating technology adoption and consolidation. Together, these transactions suggest that buyers are underwriting the ability to transform traditional professional-services models through AI while preserving the embedded customer relationships and domain expertise that underpin recurring revenue.

Target	Acquirer	Deal Value	Multiple	Date
CBIZ	Grant Thornton	$5B	1.8x	Jul 2026

Grant Thornton agreed to acquire CBIZ for $5.0B, creating the fifth-largest U.S. professional-services firm, illustrating buyers' willingness to pay for **scale, broader capabilities and deep middle-market client relationships.**

Target	Acquirer	Deal Value	Multiple	Date
Crowe	KKR	$3B	2.2x	Jun 2026

KKR agreed to acquire a majority stake in Crowe Advisory for nearly $3B, providing capital to accelerate AI adoption, acquisitions and expansion, while Crowe's partners retain a minority stake.

Target	Acquirer	Deal Value	Multiple	Date
Eide Bailly	RCP Reverence Capital Partners	$1.8B	2.1x	Jun 2026

Reverence Capital acquired majority stake in Eide Bailly at an approximately $1.8B valuation, with the firm explicitly targeting **AI investment and expanded capabilities to accelerate growth.**

Staffing Deal Corner

Staffing M&A is increasingly shifting toward specialized, technology-enabled workforce solutions, with buyers prioritizing differentiated talent pools, sticky client relationships and higher-value delivery models over commoditized labor supply. As AI reshapes the labor market, the most attractive platforms are those that can leverage technology to improve matching, workforce management and productivity while maintaining deep expertise in high-demand verticals, creating opportunities to expand margins and increase the value of existing client relationships.

Target	Acquirer	Deal Value	Date
lateral	Riviera PARTNERS	N/A	Jun 2026

Riviera Partners' acquisition of Lateral Labs underscores the premium on specialized AI talent, combining deep machine-learning recruiting expertise and embedded relationships with high-growth AI companies.

Target	Acquirer	Deal Value	Date
eurekalabs	JOBSITY	N/A	Jun 2026

Jobsity's acquisition of Eureka Labs expands its nearshore engineering talent pool with AI-driven product-development capabilities, highlighting demand for specialized technical talent and scalable, technology-enabled delivery.

Target	Acquirer	Deal Value	Date
STERLING MARTIN associates	zrg MOVE FORWARD	N/A	May 2026

ZRG's acquisition of Sterling Martin strengthens its specialized executive-search platform, highlighting the value of deeply embedded client relationships and domain expertise where human judgment remains difficult to automate.

The AI Reset – Business Model Evolution

The AI Reset is the reason behind the emergence of several new business models. Two that stand out are:

AI as the Enterprise Operating System

The lead case is Claudeforce, a partnership between Salesforce and Anthropic that puts Salesforce inside Claude.

A Shift to "as-a-Solution"

Value concentrates in vendors that own the workflow and create outcomes. The shift from SaaS seats and services to outcome-priced "as a Solution" models is highlighted in Work Tech.

The AI Reset – The Enterprise Operating System

Spotlight on Salesforce



Claudeforce is a partnership between Salesforce and Anthropic to put CRM data inside Claude, governed by the permissions and business rules that each company already runs on.

The shift is from applications organized around human users to AI agents organized around goals, data and actions. Salesforce describes Claudeforce as combining Claude's reasoning with Salesforce's data, workflows, business logic, actions and governance, so Claude can take governed enterprise action.

CONCLUSIONS

- **The future of enterprise software does not involve enterprise software's own user experience frontend.**
- **AI is becoming the new operating system for the enterprise.**
- **Buyers ask: "Where does your company fit in the emerging AI operating layer? Is that position defensible?"**

The AI Reset – The Enterprise Operating System

Spotlight on Salesforce M&A

Salesforce's recent M&A program is much more deliberate than a collection of AI acquisitions. The acquisitions assembled the pieces Salesforce needed to become the enterprise execution layer underneath an external reasoning model like Claude. We rank the six Salesforce acquisitions that matter most to Claudeforce this way:

	1 Informatica	2 Regrello	3 apromore	4 Doti	5 spindle AI	6 m3ter
Contribution	Trusted enterprise data, integration, MDM, governance	Business process execution/ automation	Process discovery and optimization	Enterprise search / knowledge context	Agentic analytics, prediction, optimization	Financial/ usage transaction execution
Importance	Helps create a data foundation for agentic AI	Integration with Agentforce, Slack and the Salesforce Platform to enable agentic automations	Understanding the process before automating it	Giving the agent context	Closing the decision loop	Gives Salesforce consumption metering, rating and monetization infrastructure

The AI Reset – Work Tech shift to "as-a-Solution"

AI Monetization Is Work Tech's Next EV Re-Rate

Era Shift: Seats » AI Outcomes **Driver:** As-a-Solution demand **Lens:** Revenue Quality · EV/Revenue

- The race to monetize AI is this era's evolution of Digital Transformation — the largest re-pricing of software revenue in a decade.
- Demand is shifting from seats (SaaS) and labor (Services) to outcome-priced As-a-Solution models.
- Value concentrates in vendors that own the workflow and charge for the outcome — Platforms that consolidate and Niche Leaders that dominate a vertical.
- Every use case reads through one question: does it grow revenue quality and re-rate the multiple?

The multiple follows the model

~25x

Median EV/Revenue for AI-native SaaS vs **3.4x** for the median public SaaS company – a **~7x premium**

The AI Reset – Work Tech shift to "as-a-Solution"

How AI Transforms Work Tech Revenue Performance

AI Revenue Motions

Embedded AI Workflows	AI Marketplace	AI Copilots	Agentic Automation	Workforce Intelligence
118% median enterprise net revenue retention	**35%** of point SaaS absorbed by agent ecosystems by 2030	**~50%** of $50M+ ARR vendors launching paid AI tiers	**83%** of AI-native vendors on usage-based pricing	**67%** of new ARR from expansion at scale

Vendor value-creation impact

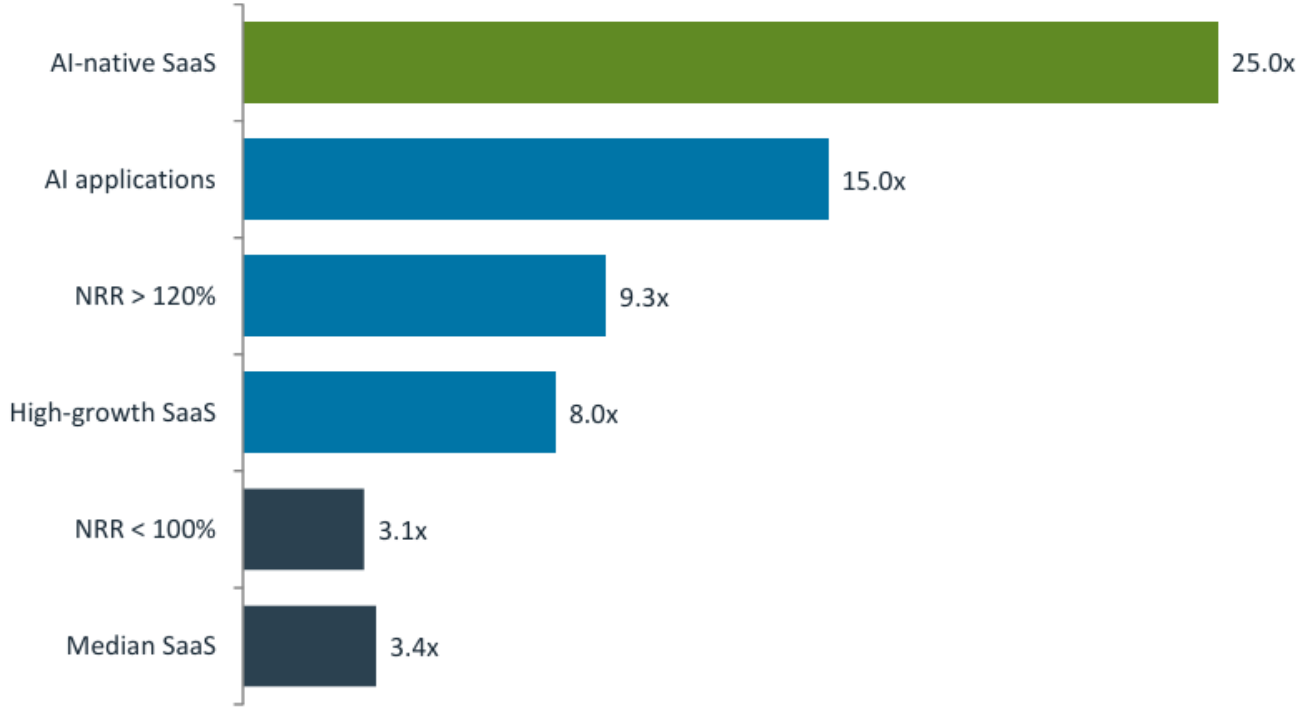
Up to **9.3x**	Up to **7x**	Up to **83%**	Up to **130%+**	Up to **67%**
EV/Revenue at NRR > 120%	AI-native multiple premium vs median SaaS	faster ARR growth (highest-NRR cohort)	net revenue retention (usage / hybrid, top quartile)	expansion share of new ARR

Source: Growth Unhinged (2026); Deloitte / Gartner TMT Predictions (2026); SaaS Capital & Software Equity Group NRR data (2026); ValueAdd VC (2026). CharlesBedardLLC DealNet analysis; figures illustrative of 2026 benchmark ranges.

The AI Reset – Work Tech shift to "as-a-Solution"

The Business Model Era Race

Revenue quality sets the multiple — EV/Revenue by business-model archetype, and where AI monetization moves a Work Tech vendor.



How to read Monetizing AI as an outcome lifts a vendor up the ladder — the multiple follows revenue quality, not the AI label.

The re-rate mechanics

Retention re-rate — NRR > 120% trades at ~9.3x vs ~3.1x below 100%.

Model re-rate — AI-native applications clear high-growth SaaS by 2–3x.

The AI Reset – Work Tech shift to "as-a-Solution"

Why the Cross-Buying — Services ↔ Software

WHY SERVICES IS BUYING SOFTWARE

- Reprice the multiple — services books clear ~1.7–3×; embedding proprietary tech repositions toward the ~6×+ software arm.
- Structurally better margin — software runs ~65% gross margin vs. ~42% for services delivery.
- Stickier retention — platform fees create switching costs a pure delivery relationship doesn't.
- Defend against disintermediation — neutralize embedded/AI-native software competitors before they take the book.
- Cross-sell into an existing client base — monetize distribution the services firm already owns.

WHY SOFTWARE IS BUYING SERVICES

- Buy the last mile — compliance/local-execution capability (EOR, global payroll admin) that software alone can't close.
- Land the managed-service tier — 50–70% of the market needs a managed component and can't self-serve it.
- Own the relationship end-to-end — services delivery is stickier and higher-touch than a pure license.
- Buy geographic/regulatory reach — services tuck-ins (EOR, payroll bureaus) buy years of local market presence in one step.
- Convert services revenue to platform attach — migrate the acquired book onto the platform over time.

Five Things Technology Founders Should Do Now

The market rewards preparation — especially when the buyer is evaluating AI exposure.

01 — QUANTIFY AI EXPOSURE

What can AI commoditize?

What can AI enhance?

Where is customer adoption changing?

02 — DEFINE YOUR MOAT

- Data
- Workflow
- Distribution
- Vertical expertise
- Regulatory knowledge

03 — MEASURE OUTCOMES

- Revenue impact
- Retention
- Labor savings
- Customer ROI
- Cycle-time improvement

04 — OWN THE AI STORY

- Explain why the company is relevant
- Document AI adoption
- Demonstrate measurable impact

05 — CHOOSE THE PATH

- Reinvent
- Enhance
- Exit
- Know which path maximizes shareholder value

Navant framework. Designed for founder-led technology companies in the lower middle market.

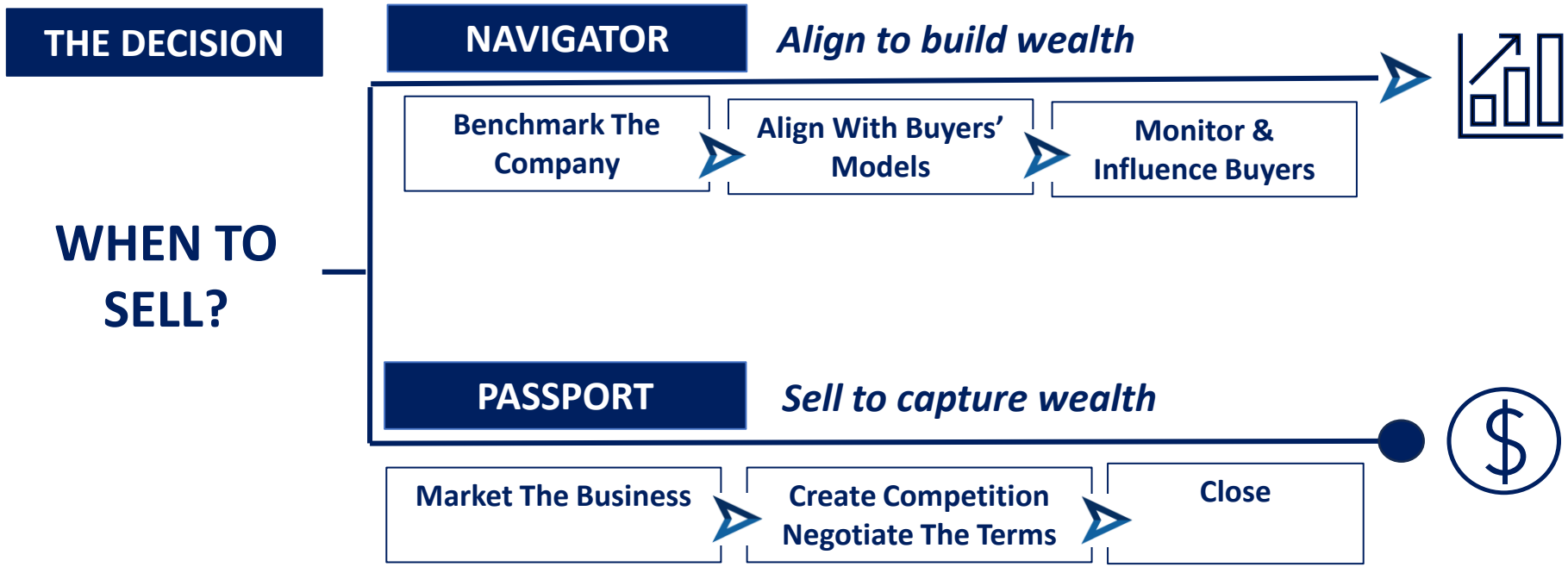
The AI Reset In Closing

AI is restacking the deck. The M&A market is open however the market is repricing what it considers valuable. Undifferentiated solutions will face headwinds.

Ask yourself four questions:

1. What can AI commoditize in my business?
2. What can AI make more valuable?
3. What is my moat that is hardest to replicate or replace with AI?
4. If I were a buyer today, why would I need to own my company?

A Navant Process & Expertise for the Each Journey



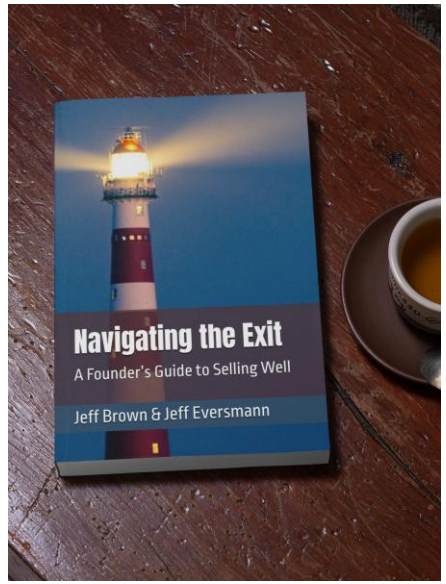
Two programs built on best practices that build wealth and then capture that wealth

Join our Webinar Series "Navigating the Exit"

Join our regular "Navigating the Exit" series, practical, founder-focused webinars on the current state of tech M&A. and the M&A process. You'll learn how to position your company for an Ideal Outcome, how to run a professional process and how to avoid mistakes that quietly erode value or collapse deals.



Read Our Book "Navigating the Exit"



Request a complimentary copy of our book "Navigating the Exit". It's filled with real stories from our M&A journeys with clients, the best practices we put to work and lessons we learned from each journey.

Book Request - Navigating the Exit

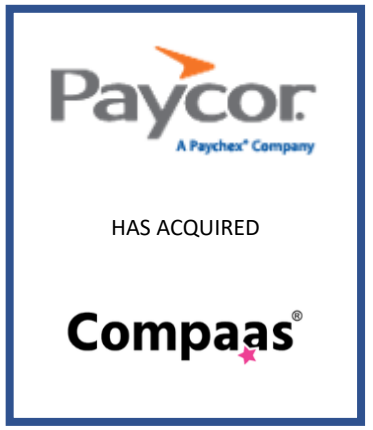
Recent M&A Experience



Tech-Enabled Accounting



HCM Software



HCM Software



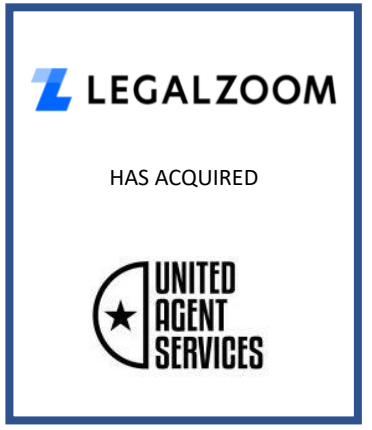
Intelligent Automation



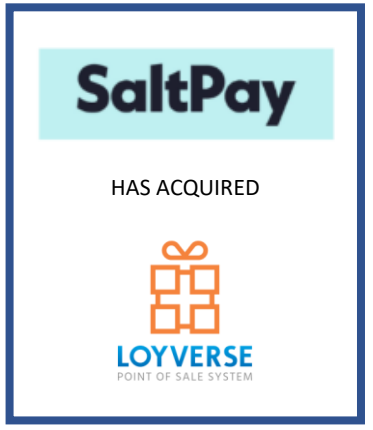
Augmented & Virtual Reality



HCM Services



Corporate Compliance



POS Software



Biometric Security



Managed Services

Navant Partners



We partner with founders to unlock wealth by completing M&A transactions at the best valuation, the best deal structure with the greatest certainty of closing.

- Experienced, successful tech entrepreneurs
- Led by executives that have started, run and sold companies of their own
- Global experience as operators and M&A deal makers
- Only work with software & expert services firms
- Only represent sellers, not buyers

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Navigating the Exit

Charting a course to the best valuation, deal structure and certainty of closing

Looking to dive deeper into your M&A opportunity? Our team is here to provide specific insight, in-depth research and guidance to help you navigate the M&A market with confidence. Contact us to learn how we can support your next strategic move.

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