

# IJW

## North American Software & Technology Monthly Market Report October 2024



\*All dollar values in this report are USD, except where noted CAD.



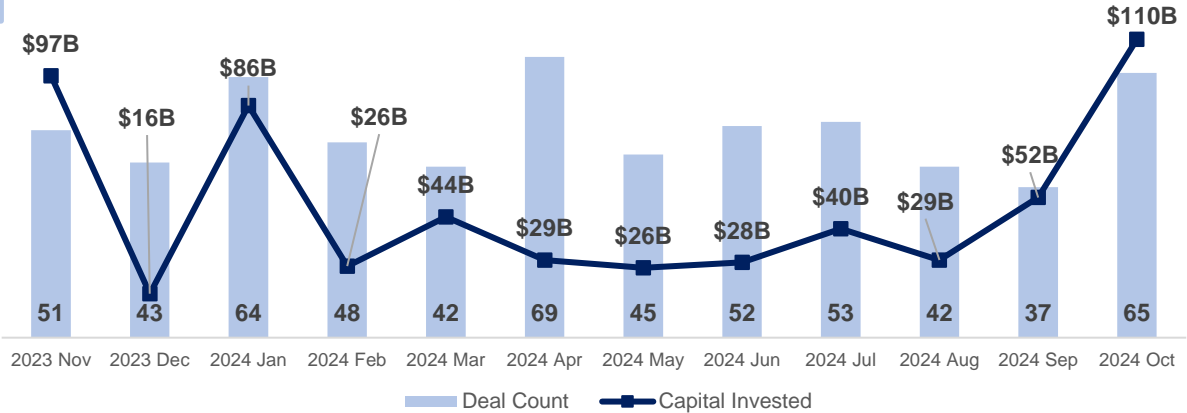
# Top Technology Transactions in October 2024

Date	Target	Acquirer	EV	EV/Revenue	Sector
Announced Oct-30	Altair	<b>SIEMENS</b>	\$10.6B	15.7x	Engineering Simulation
Oct-01	PowerSchool	Bain Capital, Vista Equity, Onex	\$5.6B	7.5x	EdTech
Oct-02	PERFICIENT	<b>BPEA</b> <b>EQT</b>	\$3.2B	3.5x	IT Consulting
Announced Oct-07	BARNES	APOLLO	\$3.6B	2.2x	Aerospace
Oct-30	EPICOR	<b>CVC</b> CAPITAL PARTNERS	\$4.0B	NM	ERP Software

Altair <p>is getting acquired by</p>	<ul style="list-style-type: none"> <li>• Transaction Value: <b>\$10.6B</b></li> <li>• EV/Revenue: <b>15.7x</b></li> <li>• EV/EBITDA: <b>131.24x</b></li> <li>• Altair is a simulation and data science solution firm for industries such as manufacturing and life sciences.</li> <li>• This acquisition enhances Siemens' industrial software leadership by integrating Altair's AI-powered capabilities with Siemens Xcelerator, creating a comprehensive design and simulation portfolio.</li> </ul>
---	---

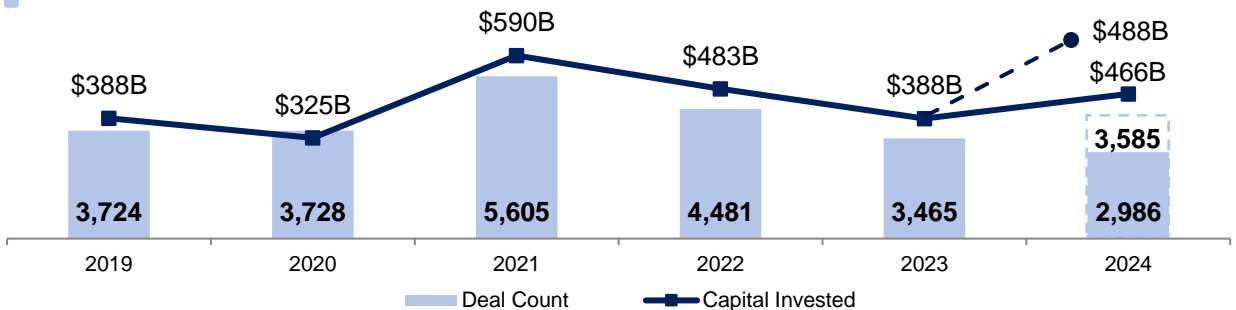
Capital Invested in October	Transactions in October	Median EV/Revenue
\$56.5B	345	2.4x

## North American Quarterly Deal Volume & Capital Invested



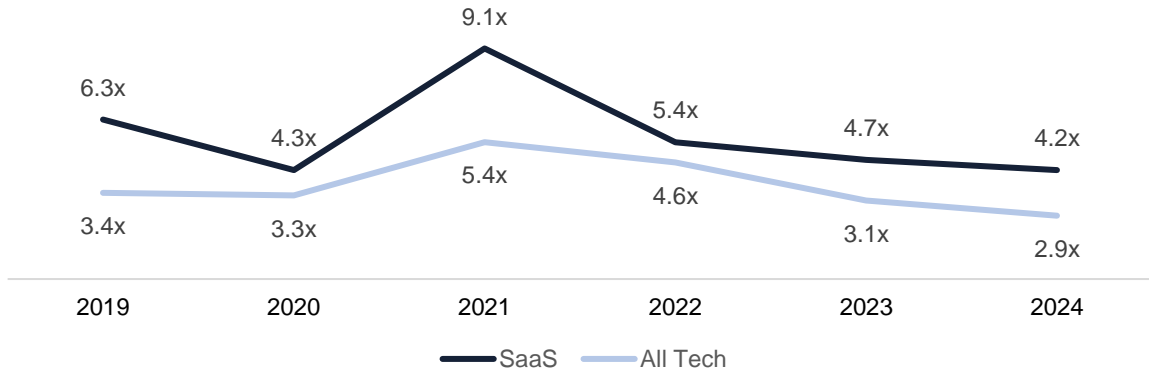
- Monthly M&A volumes across North America have shown renewed strength and recovery following their multi-year lows hit in 2023. Loosening monetary policy and central banks cutting interest rates have lowered buyers' cost of capital and supported asset prices.
- Recent rallies in public technology stock valuations have brought PE sponsors back to negotiation tables as these dealmakers have renewed optimism in achieving successful exit outcomes.
- As per Pitchbook, for the first nine months of 2024, PE buyout volumes have grown by 24.0% in value and 10.4% in volume versus 2023.
- Deal flow across Software has largely led this resurgence. Siemens' announced acquisition of Altair Engineering in October 2024 for \$10.6B and CVC Capital Partners' acquisition of Epicor Software for \$4.0B signal a return of mega-sized deals by strategics and financial sponsors.

## North American Yearly M&A Deal Volume & Capital Invested



- M&A activity has shifted toward mid-sized deals since the dealmaking peak achieved in 2021. However, the increase in capital invested in 2024 signals a potential return to larger transactions, with nearly half of the capital concentrated in the year's biggest deals.
- Due to higher borrowing costs across 2022 and 2023, PE deals have lagged corporate-led M&A volumes. However, this buyer group signaled a return in Q3-2024, as big banks are showing openness to increased dealmaking for the LBO lending market, that has held dry since 2022.
- While capital invested is recovering to \$488 billion from 2023's low of \$388 billion, it still falls short of the 2021 peak of \$500 billion. This shift may reflect entrenched cautious investor sentiment, where corporate acquirers are pursuing smaller, less risky deals to navigate economic uncertainties or a focus on value acquisitions over high-cost mergers.

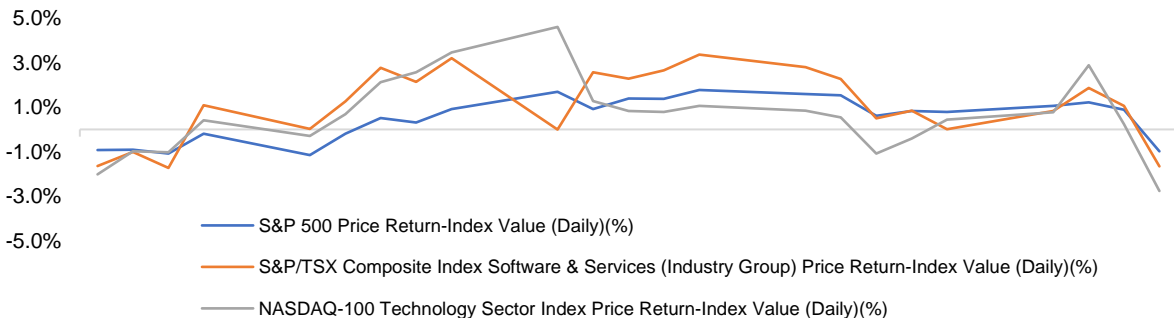
## Median SaaS vs All-Tech Revenue Multiples



- Multiples in SaaS and technology M&A have shown promising signs of stabilization and growth, driven in part by easing economic pressures in October 2024.
- Inflation has moderated to **2.6%**, encouraging the Federal Reserve to consider further rate cuts, which would alleviate financing costs and support valuations. These improvements have also supported narrowing bid-ask spreads, bringing buyers and sellers closer to alignment on valuation expectations and stimulating M&A activity.
- This month, strong SaaS valuations such as the announcement of ClearSale being acquired by Experian for **~20x revenue** is contributing to a positive precedent for tech multiples.
- Going forward, we anticipate multiples to continue expanding as economic conditions continue to normalize and market optimism for high-growth sectors.

## Public Market Indexes: S&P 500 vs. Market Indexes

*\*October 2024 relative performance*



- The NASDAQ-100 Technology Sector and S&P/TSX Composite Software & Services indices ended the month -2.77% and -1.66%, respectively, compared to the S&P 500's return of -0.99% this month.
- This disparity was driven by mixed earnings reports among major tech firms, with some companies like Alphabet posting strong gains, while others, including AMD, faced downward pressure due to lower-than-expected guidance. Additionally, inflation concerns and fluctuating demand forecasts in high-growth areas like AI and cloud computing created volatility within the tech sector, even as investor interest in these areas remains robust.
- Analysts are optimistic that as economic conditions stabilize, the technology sector is well positioned for renewed growth, driven by demand for innovation in cybersecurity, edge computing, and automation technologies.

## Team



**Ian Wooden**  
Founder & Chairman



**Giancarlo Petrero**  
CEO & Managing Director



**Sami Kabir**  
Director



**Adam Rawski**  
Vice President



**William Robinson**  
Associate



**Sarina Gill**  
Senior Analyst,  
Investment Banking



**Bronte Macfarlane**  
Senior Analyst,  
Investment Banking



**Madison Colpitts**  
Analyst,  
Investment Banking



**Aitsam Chaudhary**  
Analyst,  
Investment Banking



**Jasmine Ma**  
Analyst  
Investment Banking



**John Lee**  
Operating Partner



**Ifiti Ifhar**  
Operating Partner



**Nicolas Jacques-Bouchard**  
Operating Partner



Montreal | Toronto | Ottawa |  
Miami

# Contact Information

**Giancarlo Petrero, LL.B, J.D,  
LL.M.**

CEO & Managing Director  
(514) 518-7028  
gpetrero@ijw.ca

**Sami Kabir, CFA, MBA**  
Director

(613) 864-9066  
skabir@ijw.ca

**Bronte Macfarlane**  
Senior Analyst, Investment  
Banking

(514) 898-2102  
bmacfarlane@ijw.ca

**William Robinson**  
Associate, Investment  
Banking

(613) 888-7230  
wrobinson@ijw.ca



[www.ijw.ca](http://www.ijw.ca)