

Software

Sector Snapshot

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Section 1: Peer Universe Table

Company	Ticker	Fiscal Period	EV/Revenue	EV/EBITDA	Revenue (FY YoY)	Growth
Microsoft	MSFT	FY	12.2x	19.5x	17.8%	
Adobe	ADBE	FY	3.7x	9.3x	10.5%	
Salesforce	CRM	FY	5.2x	22.6x	9.6%	
ServiceNow	NOW	FY	10.8x	56.2x	20.9%	
Intuit	INTU	FY	3.9x	12.6x	13.9%	
Atlassian	TEAM	FY	7.8x	337.6x	26.0%	
HubSpot	HUBS	FY	3.3x	71.9x	19.2%	
Shopify	SHOP	FY	16.2x	NM	30.1%	

Section 2: Comparative Operating Metrics Grid

Company	Pricing Model	Revenue Mix by Segment
Microsoft	Cloud-based solutions, software licensing, subscriptions (Commercial, Consumer), per-user, consumption-based (Azure), online advertising.	Productivity and Business Processes (Microsoft 365 Commercial/Consumer, LinkedIn, Dynamics); Intelligent Cloud (Azure, server products); More Personal Computing (Windows OEM, Devices, XBOX, Search advertising). Microsoft Cloud revenue increased 27% to \$214.4 billion in FY26.
Adobe	Subscription-based (Digital Media, Digital Experience), freemium models for accessibility.	Digital Media (Creative Cloud, Acrobat, Express) revenue of \$17.65 billion in FY25; Digital Experience (Analytics, Experience Manager, Commerce, GenStudio, Marketo Engage, Campaign) revenue of \$5.86 billion in FY25.
Salesforce	Subscription basis for cloud services, term software licenses, and support. Subscription and support revenues accounted for approximately 95% of total revenues in FY26.	Offerings span sales, service, marketing, commerce, collaboration, data management, integration, analytics, IT service, and industry verticals. Operates as one segment.
ServiceNow	Cloud-based subscription fees for platform and AI-powered applications.	Products grouped into Technology, Customer Relationship Management and Industry, Core Business, and Creator and Other.
Intuit	AI-driven expert platform, subscription-based, do-it-yourself and assisted income tax preparation, money products, professional tax offerings.	Global Business Solutions (QuickBooks, Enterprise Suite, Accountant Suite, Mailchimp); Consumer (TurboTax, Credit Karma, ProTax).

Atlassian	Subscription fees for cloud-based software, on-premises term licenses (Data Center), premier support services. Freemium editions available.	Portfolio of apps, AI agents, and Collections for software teams, IT operations and support teams, leadership and business teams. Subscription revenue is primary.
HubSpot	Subscription basis for customer platform, freemium model, usage and consumption-based (contacts, additional subscriptions/products/seats). Subscription revenue accounted for 98% of total revenue in FY25.	Customer platform with engagement Hubs (Marketing, Sales, Service, Operations, Content, Commerce) and a Smart CRM. Focus on mid-market B2B companies.
Shopify	Recurring subscription component (Subscription Solutions) and merchant success-based component (Merchant Solutions).	Subscription Solutions and Merchant Solutions. No specific revenue mix percentages provided.

Section 3: Strategic Consolidation & M&A Activity

Company	Activity Type	Description
Microsoft	Strategic Partnership	Extended long-term strategic partnership with OpenAI in October 2025 and April 2026, building on a shared vision to advance AI responsibly.
Salesforce	Acquisition	Acquired Regrello Corp. in October 2025 to accelerate agentic roadmap.
Salesforce	Acquisition	Completed acquisition of Informatica, Inc., an AI-powered enterprise cloud data management platform, for approximately \$9.6 billion in November 2025. Informatica contributed approximately \$0.4 billion of revenue in FY26.
ServiceNow	Acquisition	Acquired Moveworks, Inc. to strengthen enterprise workflow automation by integrating advanced enterprise search and front-end virtual agent technology.
Atlassian	Acquisition	Completed acquisition of The Browser Company of New York Inc. (BCNY) in Q2 FY26 to enhance customer value with a browser optimized for SaaS applications in the AI-era.
Atlassian	Acquisition	Completed acquisition of A Software Company (DX) in Q2 FY26 to integrate market-leading engineering intelligence for data-driven insights.
Atlassian	Divestiture/Strategic Pivot	Announced plans to end-of-life Data Center products through a phased approach over a multi-year period, ceasing new sales in March 2026 and existing customer sales in March 2028, with maintenance ending in March 2029.

Section 4: Valuation Summary

The Software sector exhibits a wide range of valuation multiples, reflecting diverse business models, growth profiles, and profitability. Shopify and Microsoft trade at the highest EV/Revenue multiples of 16.2x and 12.2x, respectively, driven by Shopify's sector-leading 30.1% revenue growth and Microsoft's scale and robust 17.8% growth with high EBITDA margins (62.5%). ServiceNow also commands a premium EV/Revenue of 10.8x and the highest EV/EBITDA at 56.2x, supported by 20.9% revenue growth and its focus on AI-powered workflow automation. Atlassian's EV/EBITDA of 337.6x is an outlier, indicating minimal current EBITDA relative to its enterprise value, despite strong 26.0% revenue growth. Conversely, Adobe, Intuit, and HubSpot trade at lower EV/Revenue multiples (3.7x, 3.9x, 3.3x, respectively), correlating with more moderate revenue growth rates (10.5% to 19.2%) and varying EBITDA margins. Salesforce's 5.2x EV/Revenue and 22.6x EV/EBITDA reflect its established CRM market position and 9.6% revenue growth. The sector's valuation premiums are generally tied to higher revenue growth and the strategic integration of AI capabilities.