- **The Nasdaq slid 1.5% in November**, marking the first loss since March as investors reassess lofty AI valuations. Even strong results from leaders like Nvidia haven't quelled concerns over a potential AI bubble and the sustainability of heavy capex.
- As AI transforms enterprise software, vendors without a clear AI strategy are trading at steep discounts **- median transaction multiples of 3.4x revenue versus 5.8x for peers -** even as M&A spending climbs to $42 billion so far this year, the highest pre-COVID annual total.
- Despite a 43-day government shutdown clouding the outlook for December's Fed meeting, **the October rate cut to a 3.75%–4% range is easing financing conditions and fueling cautious optimism for tech acquisitions and premium valuations.**
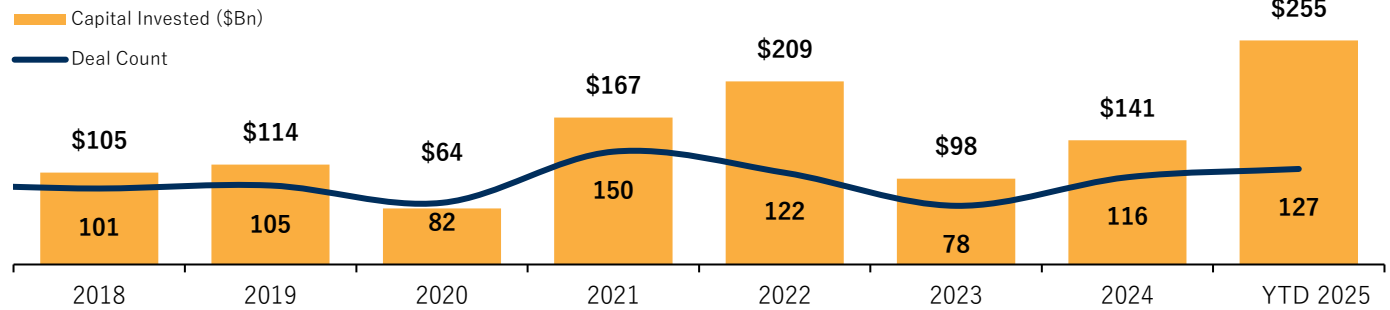
S&S M&A Weather Report

Parting Clouds

US M&A deals over $100M are projected to grow 9% in 2025 and continue expansion in 2026, led by the technology sector, with corporate and PE activity trending upward. Yet, investor sentiment remains clouded by volatile valuation outlook and political disruptions as we round out 2025.
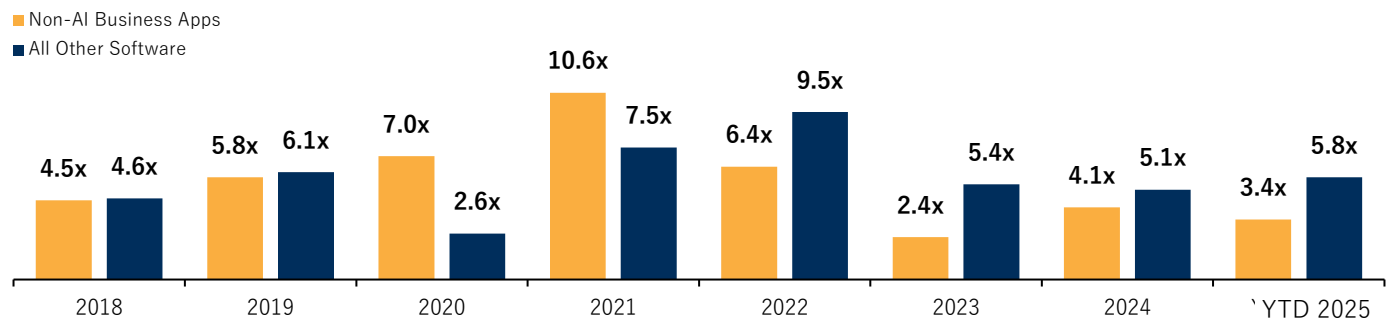
Software Trends We Are Tracking / Market Snapshots
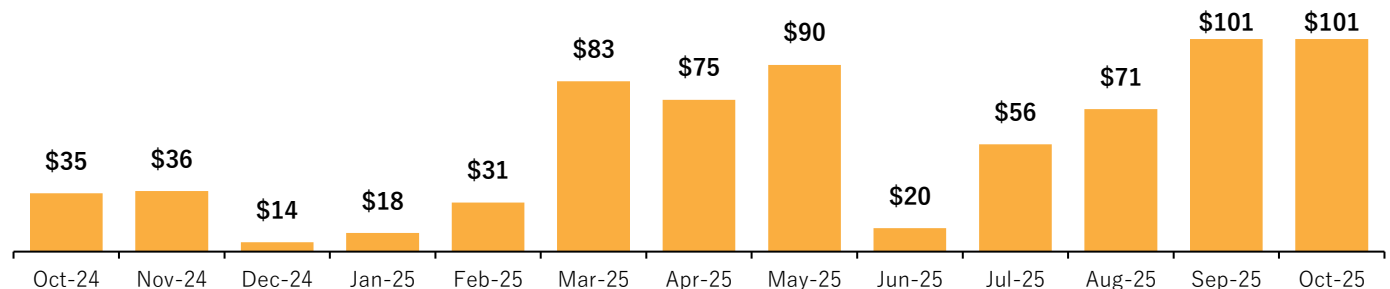
Private Equity Software Deal Activity (Deals >$100M)

PE capital invested is at an all-time high …

- Capital Invested ($Bn)
- Deal Count

Year	Capital Invested ($Bn)	Deal Count
2018	$105	101
2019	$114	105
2020	$64	82
2021	$167	150
2022	$209	122
2023	$98	78
2024	$141	116
YTD 2025	$255	127

Enterprise Software Without an AI Edge Fall Behind the Pack (TEV / TTM Revenue)[1]

- Non-AI Business Apps
- All Other Software

Year	Non-AI Business Apps	All Other Software
2018	4.5x	4.6x
2019	5.8x	6.1x
2020	7.0x	2.6x
2021	10.6x	7.5x
2022	6.4x	9.5x
2023	2.4x	5.4x
2024	4.1x	5.1x
YTD 2025	3.4x	5.8x

Total Tech M&A Deal Value Ramps Up Moving Into Q4 ($ in Billions)[2]

Month	Value
Oct-24	$35
Nov-24	$36
Dec-24	$14
Jan-25	$18
Feb-25	$31
Mar-25	$83
Apr-25	$75
May-25	$90
Jun-25	$20
Jul-25	$56
Aug-25	$71
Sep-25	$101
Oct-25	$101

Note: 1.) Multiples derived from U.S.-listed software providers, 2.) Includes all deals within the technology sector.
Sources: PitchBook, Capital IQ, FRED, EY US M&A activity insights.

Google's Guide to AI Agents

With buyers paying premiums for platforms that demonstrate a clear AI strategy, understanding these applications can help position your business as a more compelling acquisition target.

1 Start Small, Then Scale

Begin with a Level 1 "Connected Problem-Solver" agent that uses external tools for real-time data (e.g., pulling inventory or customer info). Avoid jumping straight to complex multi-agent systems until you've validated ROI and reliability.

2 Define Clear Business Metrics Before Deployment

Treat agent performance like an A/B experiment. Measure success with KPIs tied to business outcomes - such as goal completion rate, customer satisfaction, and cost per interaction - not just technical accuracy.

3 Use Context Engineering and Model Choice to Improve Efficiency

Provide structured, domain-specific examples and instructions, along with relevant data to help the agent make informed decisions. Additionally, carefully match the model's capabilities to the complexity of the task—some models are far more efficient and cost effective for certain problems than others.

4 Implement Human-in-the-Loop for Critical Actions

For high-stakes tasks (e.g., financial transactions or compliance-sensitive actions), pause the agent's workflow for human approval. This reduces risk and builds trust in automation.

5 Plan for Security and Governance Early

Agents introduce new risks like prompt injection and data leakage. Apply least-privilege policies, verify agent identities, and use guardrails to prevent unauthorized actions. For larger deployments, consider a central control plane to manage agent.

Google: Introduction to Agents

Intrepid's Software & Services Coverage

- Compliance Technology
- Cybersecurity
- Data & Analytics
- Energy & Industrials Tech
- GovTech
- Healthcare IT
- Human Capital Management
- PropTech
- SalesTech
- Supply Chain & Logistics Technology
- Tech-Enabled Services
- Vertical Software

White Glove Touch of Boutique Investment Bank

Intrepid

+ Mergers & Acquisitions

+ Capital Advisory

Client Focused

Sector Experts

Skillful Dealmakers

Backed by a Top 10 Global Bank by Assets

MUFG

+ Corporate Banking

+ Global Network & Resources

Dedicated Middle Market Technology Practice

Largest Foreign Lender to U.S.-Based Tech Companies

Christopher Park
Managing Director
Head of Software & Services
CPark@IntrepidIB.com

Jeff Becker
Managing Director
Software & Services
JBecker@IntrepidIB.com

Josh Moses
Managing Director
Software & Services
JMoses@IntrepidIB.com

Terry Jiang
Managing Director
Software & Services
TeJiang@IntrepidIB.com

Ryan Makis
Director
Software & Services
RMakis@IntrepidIB.com