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Private Equity

# Software Nordic SaaS

TMT Market Report



# Key Takeaways

**1** SaaS (Software-as-a-Service) has become an attractive investment opportunity for PE-sponsors due to its high scalability and predictable cash flows.

**2** SaaS valuations are largely driven by growth, commonly assessed using the Rule of 40 as a core benchmark.



**3** The Nordic SaaS market remains structurally attractive, despite increasing competitive dynamics

**4** Transaction volumes in the Nordics are increasing alongside higher PE participation

**5** The merger between Talentech and Grade reflects an ambition among Norwegian SaaS to scale their tech platforms internationally.

**6** As AI continues to advance, so do SaaS pricing structures and product offerings, according to leading analysts.

# The SaaS business model | Cloud Computing and PE-attractiveness

Cloud Computing has reshaped software business models, making them highly attractive to PE-sponsors



## The Cloud has opened the door for highly scalable software business models

The **digital environment** in which companies operate today is the result of a long-term transformation from locally owned IT systems to centrally delivered computing and software.

A key **driver** of this transformation has been cloud computing, which replaced expensive on-premise IT infrastructure such as servers, storage, and other internal systems. This shift enabled software-driven operating models to penetrate almost every existing industry, while also giving rise to a new generation of companies built entirely around cloud-based business models.

One of these models is known as **SaaS (Software-as-a-Service)**, where software is centrally operated and delivered over the cloud, allowing the SaaS-providers to scale globally while customers access flexible, centrally managed software.



## The SaaS model | Why the scalability of SaaS has attracted PE-sponsors

Around 90% of SaaS companies generate revenue through one of the following Pricing Models:

### Subscription

Customers pay **recurring fees** for access to the Software.

### Usage-based

Customers pay based on **usage**, or on a **per-transaction basis**

### Module-based

Customers pay for specific built-in **modules** or **functions**

### Hybrid

A **mixed model**, combining recurring fees with usage or functionality components

Successful SaaS companies benefit from **high scalability**, **near zero marginal costs**, and **predictable revenue structures**. These characteristics allow PE-sponsors to pursue long-term ownership strategies where new SaaS-ventures can be **acquired**, **integrated** and **scaled** to entire **software platforms**. As platforms scale and operational risk is reduced, PE-sponsors can benefit from **multiple arbitrage** and **multiple expansion** at exit.

SaaS companies typically operates in either the **B2C** and/or **B2B** market. In addition, their services can be categorized as either **vertical** or **horizontal** SaaS.

SaaS is **present** in almost all sectors, but have taken a core position in functions such as:

Accounting, CRM, and ERP 

HR, and Administration 

E-commerce, and Retail 

## The Cloud Computing value chain

Cloud Marketplaces, Managed Services, and Aggregators

### Software as a Service (SaaS)

End-user application  
Horizontal and Vertical application  
Low barriers of entry

+ 100 000 companies worldwide

### Platform as a Service (PaaS)

Databases  
Developer Tools



### Physical Infrastructure

Datacentres  
Physical servers  
Networking hardware



### Infrastructure as a Service (IaaS)

Storage and Network  
Hyperscalers



Sources: AWS, Bain, Cisco, KPMG, Microsoft



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# The SaaS company journey | From pre-seed to IPO

## Why SaaS companies scale before they can leverage

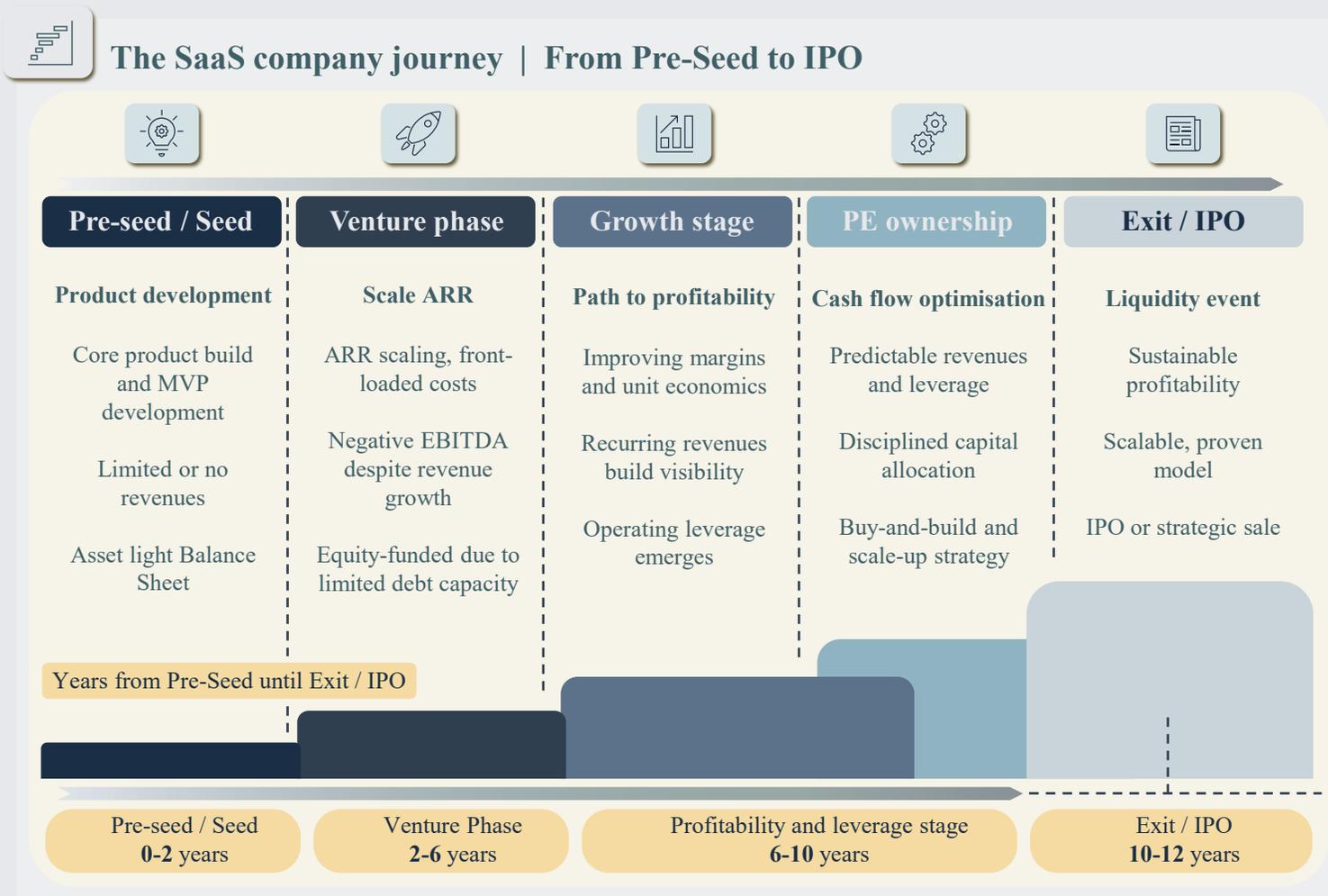
### Asset-light balance sheets limit early-stage leverage

Early-stage SaaS companies typically operate with **asset-light balance sheets**, characterised by **limited tangible assets** and a high share of intangible value drivers such as **proprietary software** and **customer relationships**. These assets are generally not capitalised or accepted as collateral, resulting in **limited borrowing capacity** in the early stages of the company's life cycle.

At the same time, subscription-based revenue models lead to revenues being recognised gradually over the life of customer contracts, while operating cost are incurred upfront. This results in **significant front-loaded costs** and often **negative EBITDA** in the early phases, despite strong growth in recurring revenues.

Together, these structural characteristics shape the SaaS company journey: early development and scaling are primarily funded through **equity capital**, typically provided by venture investors, until sufficient scale, margin potential and cash flow visibility are achieved to support leverage and later-stage ownership.

A successful SaaS company will most likely move through these phases as it matures, with priorities and value creation evolving as the business transitions from early development to a more established operating model.



Sources: SaaS-capital, Carta, SaaStr

# SaaS Valuation | An overview of key valuation metrics for SaaS companies

## Investors prioritize growth over EBITDA



### KPI's and metrics used in SaaS valuation

**Growth** and **scalability** are the primary drivers for SaaS valuation.

While traditional valuation relies on **EBITDA**, the following KPIs are often more relevant for SaaS:

#### Annual Recurring Revenue (ARR):

Captures the annualized value of subscription, providing a forward-looking measure for revenue strength.

#### EV / Sales:

Often used for SaaS valuation, because high share of revenue is recurring, making top-line growth more reliable than in non-subscription businesses.

#### Rule of 40:

A standard benchmark that balances growth and profitability:  
**ARR growth (%) + EBITDA margin (%) ≥ 40%**

### Why is SaaS valuation NOT based on costs?

Traditional **cost-based valuation** is less useful because SaaS have a near-zero marginal costs and very high gross margins. What matters is how large and fast the subscription level grows.



### EV / Sales correlates positively with the Rule of 40 benchmark

As shown in the graph below, there is a **positive correlation** between valuation, here measured by **EV / NTM Sales** (next twelve months estimate), and the Rule of 40 benchmark. The sample below are a group of listed **Nordic software** companies with a high share of recurring revenues and therefore comparable to a typical SaaS under PE-ownership.

### Nordic Software valuation metrics | EV / NTM Sales and Rule of 40



Sources: Viking Growth, Bloomberg, Nordhaven Corporate Finance, Strategy&



# Value creation strategies | A break-down of common strategies in the SaaS space

Different approaches to value creation, depending on company maturity and needs



## Buy-and-Build

### Acquire → Add-ons → Scale

Buy-and-build is typically applied to companies with **high scalability** and **strong ARR growth**. This strategy is applied to immature or mid-mature companies. Buy-to-build is especially effective in **fragmented markets**, ideally without a dominant market leader.

### Examples of successful buy-and-build companies



Visma has built multiple software platforms consisting of several hundred add-on acquisitions.

Visma is currently a private company but have reached a size to where an IPO may happen.



Constellation Software is a Canadian software company founded in 1995. It was built on a clear buy-and-build strategy, by acquiring vertical market software.

Today, Constellation Software is listed on the Toronto Stock Exchange (TSE)



## Growth Equity

### Capital + Expertise to accelerate growth

Typical targets include SaaS companies with **high ARR growth** and **strong Rule-of-40** performance. These companies are past the early immature phase, but not yet fully mature. They have great potential, and ready to scale with no need for restructuring.

### Examples of leading growth equity funds



Viking Growth helps companies scale through operational support, and growth capital.

Viking Growth specialise in Nordic B2B SaaS



Standout Capital is a Swedish growth fund, building scalable “Nordic growth stories.”



Accel-KKR is a global software & tech specialist, with growth equity investments in all parts of the world.



## Buy-to-build

### Restructure → Optimize → Expand

Buy-to-build is a more **focused** and **SaaS-specific** strategy. It is often used when **ARR is strong**, but the company’s internal processes are weak. A PE-fund can then optimize areas such as **pricing** and **product** to unlock value within the single asset. Typical companies **are mature**, but **inefficient**.

### Examples of successful buy-to-build cases



GPs such as AKKR, EQT and HgCapital have successfully used the buy-to-build strategy to transform smaller SaaS-ventures into global market leaders.

Successful companies include **IFS**, **Caseware**, **Aderant**, and **Symfonia**, which are companies that operate within ERP & accounting software, financial services software and legal & professional services software.

Sources: Bain, Saas-Capital, McKinsey, Visma, Constellation Software, Viking Growth, Standout Capital, Accel-KKR, EQT, Hg Capital



# Overview of the Nordic SaaS market | Size, trends and competitive positioning

Competitive positioning enables Nordic players to succeed in an attractive but increasingly competitive market



## A structurally attractive but increasingly competitive market

**Strong growth trajectory:** The Nordic SaaS market was valued at **\$6.8b in 2025** and projected to reach **\$11.9b by 2030**, implying a **12% CAGR**. Growth is underpinned by sustained regional demand for cloud-based software across both public and private sectors.

**Favorable structural conditions:** Public-sector cloud-first mandates, near-universal 5G and fiber connectivity, and an expanding base of renewable-powered data centers support demand for SaaS in the Nordics.

**Demand driven by accessibility and regulation:** Usage-based pricing models lower entry barriers for SMEs, while the rollout of EU AI Act compliance tools is accelerating demand for trusted, in-region SaaS solutions.

**Intensifying competitive landscape:** Global and regional players are scaling fast. Microsoft has committed \$3.2b to Swedish cloud and AI infrastructure, Visma completed 32 acquisitions in 2024, and a surge of vertical micro-SaaS startups is reshaping niche workflows.

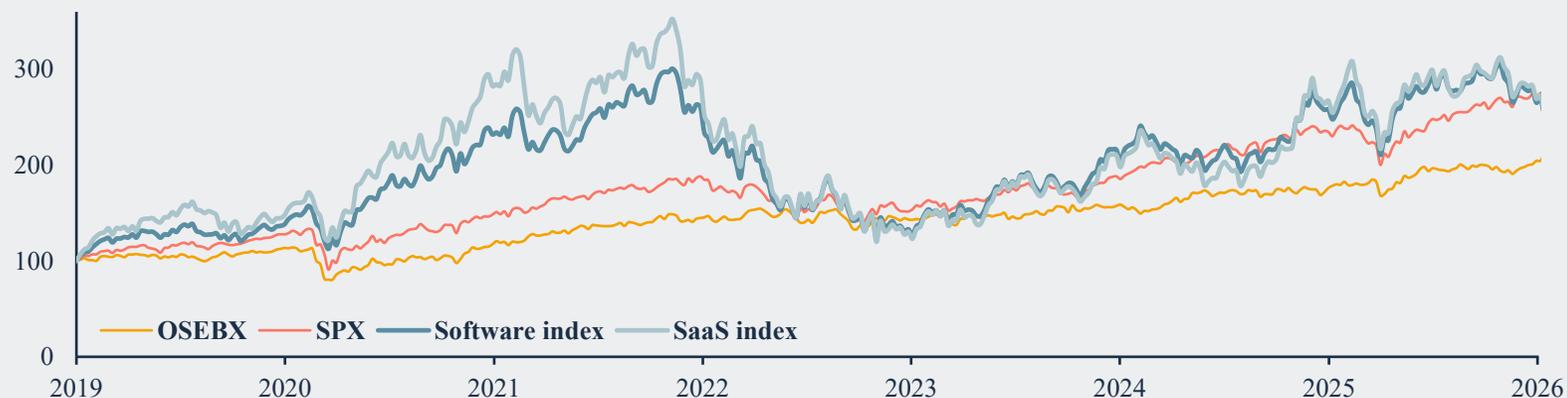
## Competitive positioning of Nordic B2B SaaS

**Clear customer focus:** Nordic B2B SaaS companies mainly target midmarket and enterprise customers, where proximity to clients and deep customization provide competitive advantages.

**Fit for regulated complexity:** This approach allows them to compete effectively with global vendors in complex or highly regulated environments, where tailored solutions and close collaboration are critical.

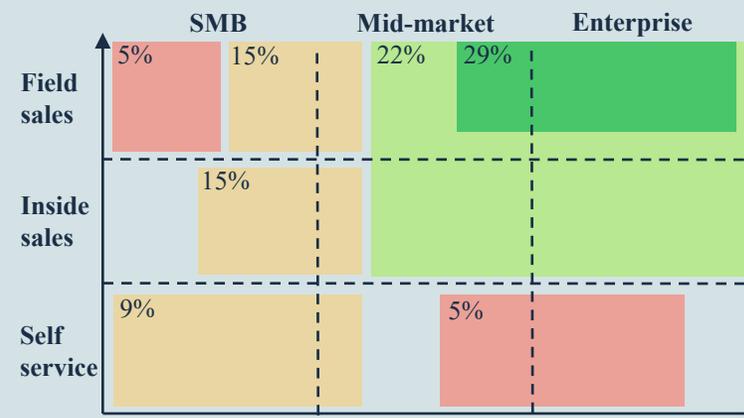
**Strategic avoidance of broad SMB:** Limited exposure to the SMB segment is a deliberate positioning choice, as the space is dominated by standardized, low-touch offerings, intense global competition, and price-driven economics that favor scale over specialization.

## Listed SaaS companies' total return compared to common indices



## Sales model and target segment mix (%)

Based on responses from 55 executives at Nordic SaaS companies.



Sources: Nordhaven, Mordor Intelligence, Strategy&, Viking Growth, Bloomberg



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# Deal activity and consolidation trends in Nordic SaaS

## Rising transaction volumes coincide with increased private equity participation



### Overview of deal activity and buyer composition in Nordic software

**Year-on-year deal activity is increasing:** The Nordic M&A advisor Nordhaven Corporate Finance recorded **152 transactions** in the Nordic software market in 2025, a **33% year-on-year increase** and the highest level since 2021. Activity rose steadily from Q1 through Q3 before easing in Q4, indicating a possible return toward normalized deal activity after a strong mid-year.

**Private Equity drives deal flow:** Private Equity platforms accounted for 40% of transactions, while add-on acquisitions by PE-backed companies represented a further 33% of deal volume. This reflects a continued focus on platform creation and buy-and-build strategies in the Nordics. Together, private equity-driven transactions represented the highest share of total deal activity in several years.

**Nordic buyers dominate transaction volume:** Nordic acquirers led activity with **57%** of transactions, supported by local market knowledge and proximity-driven sourcing. European buyers accounted for **24%**, while North American acquirers represented **18%**, highlighting continued international demand for Nordic software assets.



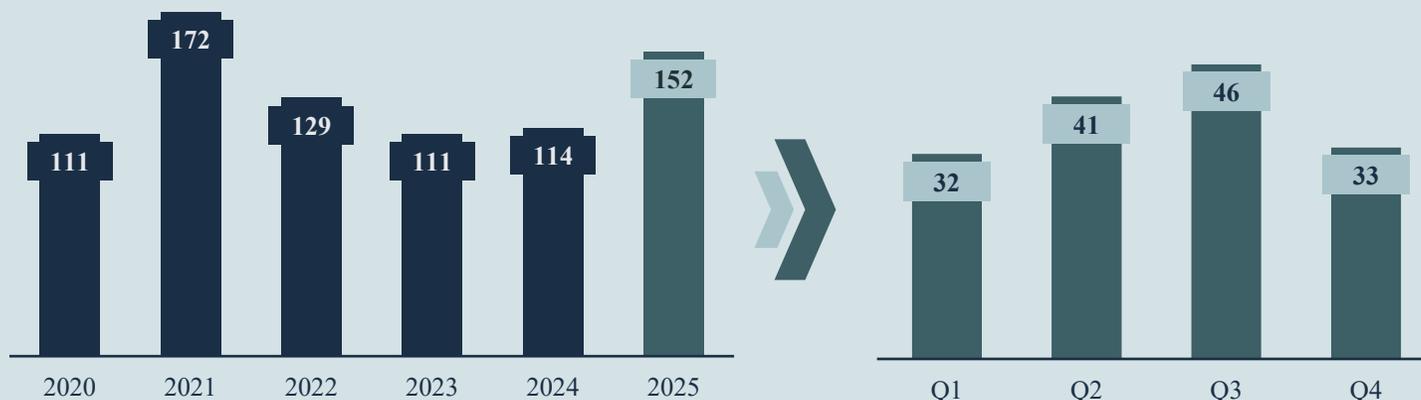
### Regional scale constraints drive consolidation

**Small domestic markets drive cross-border platform building:** Nordic SaaS companies emerge from relatively small home markets, which naturally cap scale at the country level. This pushes founders and investors to look beyond national borders early, making **M&A a natural path** to achieving regional scale.

**Private Equity as the primary scaling catalyst:** PE-sponsors bring the capital, operational expertise, and regional networks required to execute multi-country expansion strategies. As a result, they are uniquely positioned to transform **strong local players** into **pan-Nordic** businesses.

**Recurring deal flow sustains elevated transaction volumes:** Ongoing add-on acquisitions create repeatable deal activity, underpinning consistently high transaction volumes over time.

### 2020 - 2025 | Trends in transaction volume among Nordic Software businesses



### Selected PE-sponsors active in the Nordics in 2025

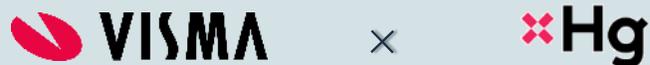


Sources: Nordhaven, Mordor Intelligence, Verdane



# Visma's Buy-and-Build strategy under PE-ownership

How leading PE-sponsors built Visma into a global SaaS leader through a disciplined buy-and-build strategy



**ARR 2025e:** ~ €2 960m  
**# of Employees:** 17 500+  
**“Rule of 40”:** 42%

Under the active ownership of leading PE-sponsors, Visma has become a leader in **mission-critical business software**. Around **90%** of Visma's revenue comes from SaaS and Cloud-based operations, and they have shown a high organic growth while building several vertical software platforms through **hundreds of add-on acquisitions**.

Overall, Visma's buy-and-build strategy represents a textbook example of **disciplined M&A execution**, strong integration capabilities, and **deep market understanding** over **20 years** of PE-backing.

Visma has continued to deliver strong operational performance each year, reporting **organic ARR-growth of 10%** in **H1 2025**.

Visma's **diversified customer-base** and **broad SaaS portfolio** enhance resilience during market downturns, an attribute that is particularly attractive to PE and other long-term investors.

Presence No current presence



## IPO in near future | Could Visma be set for an IPO in 2026?

Market speculation about a possible **Visma IPO** began intensifying in mid-2025, and it was said that Visma chose LSE (London Stock Exchange) over Euronext Amsterdam for its potential public listing. Whether an IPO will happen in 2026 is still uncertain, and it depends on market conditions being stable throughout H1 2026. Given the current size of Visma, an IPO would be the only realistic exit-strategy for HgCapital and other co-investors. Speculations around Visma's valuation points to a **€20b - 21b** equity value.

## Illustrative valuation example using EV / NTM Sales multiple

At a **€20b - €21b** valuation, Visma would be valued at around **7,1x - 7,4x EV / NTM Sales**, using an estimated total Sales of **€3 080 - €3 180** for the next twelve months (NTM).

Compared to the sample of Nordic software companies, Visma would be valued at a **~30%** premium to the **«top performers»** in the sample, i.e., companies with a **«Rule of 40»** above 40%. Only **18,6%** of the companies in the sample satisfied the “Rule of 40”.



## Period under PE ownership



Sources: Visma, HgCapital, Bloomberg, Orbis, Financial Times

# Grade and Talentech Merge to Form a Leading Nordic HR Tech Company

## The Merger has Been Successfully Completed by Majority Owners Viking Growth and Verdane



### Strong Ownership with Proven Scaling Track Record

Viking Growth is a leading Nordic B2B software investor with over 20 years of experience in scaling high-growth companies. Based in Trondheim, the firm supports 19 portfolio companies across the Nordics, representing NOK 4.1b in ARR.

Verdane is a specialist growth buyout investor focused on tech-enabled businesses across Europe. Since 2003, the firm has raised €9b, completed over 200 investments, and operates with a pan-European team of ~150 professionals.



### Complementary Platforms with Strong Nordic Footprint

Founded in 1995, Grade is a leading Nordic provider of HR, training, and talent management solutions with more than 1,600 customers. The company employs ~170 people and was previously owned by Viking Growth.

Founded in 2019, Talentech delivers integrated recruitment and HR solutions across the Nordics, supporting 350,000 recruitment projects and 10m job seekers annually. The company has ~200 employees and was previously owned by Verdane.



### Talentech + Grade | Combined Platform Overview

ARR: ~ NOK 700m  
# of customers ~ 4 000

The Talentech + Grade merger was first announced back in November 2025, but successfully completed January 21<sup>st</sup> 2026.

The company now plans further expansion to Northern Europe and will therefore become a strong competitor against other established HR-tech companies such as CatalystOne, Sympa, and Hailey HR.



Combining Grade and Talentech is the perfect match. By uniting all talented people in one combined company, the most dynamic and forward-thinking HR technology team in the Nordics will be created. The Nordics is just the start!

Nils Vold, Partner at Verdane



### Key Value Creating drivers:



Scale | Leading Nordic HR platform for SMB and public sector



Product Synergies | End-to-end, integrated HR and talent suite



AI & Data | Unified data foundation enabling intelligent workflows



M&A Playbook | Proven buy-and-build execution capability



Sources: Viking Growth, Grade, Verdane, Konkurransetilsynet, Talentech



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# AI in SaaS

## Developments in AI can change pricing fundamentals for AI-Native SaaS



### Private Equity players are leveraging AI across several areas

Since the roll-out of generative AI in 2022, PE-sponsors are using these technologies themselves, and are also assessing how AI can be leveraged to **improve portfolio companies**:

#### Value Creation

PE firms are using **generative AI** to better understand **disruption risks** and **value-creation opportunities** across their **portfolio**.

#### Due Dilligence

AI is becoming a **standard** part of the **due diligence process**, helping assess risks, speed up underwriting, and **test disruption theses** early.

#### Firm-level Capabilities

Beyond efficiency gains, **generative AI strengthens** investment decisions by **scaling access to data** and **institutional knowledge** across the firm.



### Can AI fundamentally change the SaaS business model?

AI is changing how SaaS companies operate by shifting SaaS away from **tools managed by employees**, to **systems that perform work on their own**.

Given the significant spending in AI, with projections of **over \$2t in global spending** in 2026, this is likely to **reshape** how SaaS companies **compete, monetize, and grow**.

As **agentic AI** automates workflows and can deliver measurable results, successful platforms increasingly shift pricing away from **user-based metrics** toward models tied to **outcomes** and **total value delivered**.

This chart illustrates how **AI-native companies** are leading the shift away from “**per user**” pricing to **flat rate pricing**.

### Bain & Company’s market view on AI in Private Equity

“

As generative AI gains speed, it will become increasingly critical for firms to institutionalize this kind of scrutiny. Deal teams should be doing a fast analysis of any target company, asking whether generative AI is likely to have an impact—positive or negative—in the years ahead.

Bain & Company

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What’s becoming increasingly clear to general and limited partners alike is that generative AI can have a transformative effect on all manner of fund operations. Many firms are looking at how AI tools can take out costs in the back office and otherwise make internal operations more efficient.

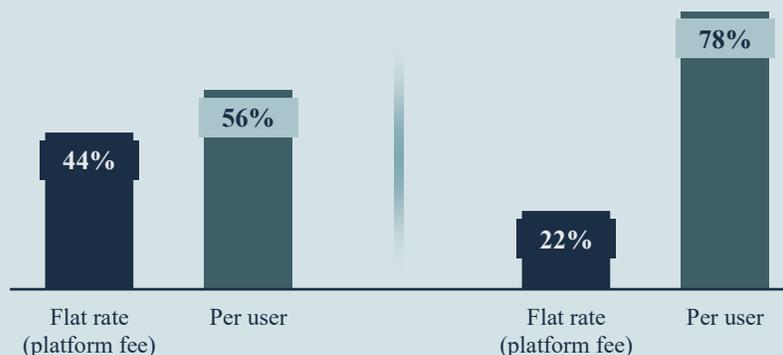
Bain & Company

#### AI Native

SaaS build with AI in its core

#### Incumbents

Traditional SaaS companies



44% of AI Native SaaS use **flat rate pricing**, compared to 22% for **Traditional SaaS**

Sources: Bain & Company, McKinsey & Company, Vista Equity Partners, World Economic Forum



## Report Contributors



**Gustav Aasehaug Bolstad**  
*Fourth year – M.Sc.*



**Elias Nordvik Knoff**  
*Third year – B.Sc.*



**Magnus Morsund Thorvik**  
*First year – B.Sc.*



**Hanna Olavsdotter Øklend**  
*First year – B.Sc.*

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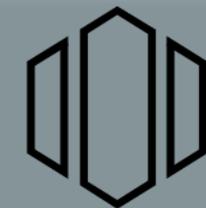
NHHS Private Equity is a student-led group at the Norwegian School of Economics (NHH), created for students with a strong interest in private equity.

Our mission is to understand the PE industry through academic events, workshops, company visits, and hands-on case work. We aim to foster a strong learning environment and serve as a bridge between the student mass at NHH and the private equity industry in Norway and the broader Nordic region.

We publish in-depth sector reports each semester, covering:

- Industrials
- Energy
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These reports provide students with applied insights into market dynamics, valuation trends, and investment trends across industries.



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Reach us at: [Privateequity@nhhs.no](mailto:Privateequity@nhhs.no)