Software Development

Market Research 2025

Now, for tomorrow

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Intro

- **Feed summary**
- **Scope and definition**
- **Size and growth**
- **Geography**
- **Key drivers**
- **Key trends**

Feed summary

Software Development

This studio covers **Software Development** sector and has been made by Baker Tilly. The goal od this study is to provide a general overview of the market.

All the data about companies, acquisitions and founding rounds was extracted **in May 2025**. Deals, rounds and companies founded after this date have not been included.

Scope and definition

General Overview

Software development refers to the process of:

- DESIGNING
- CODING
- TESTING
- DEPLOYING

applications and systems that support digital operations across industries. It is a foundational pillar of digital transformation, enabling organizations to automate workflows, enhance user experiences, and unlock new revenue models.

TOP COMPANIES

Gigster
Founded in 2013

Phoenix Technologies
Founded in 1979

Unicorn
Founded in 1990

Main subsegments:

- **Custom Software Development:** This subsegment focuses on building tailored solutions that meet specific operational, regulatory, or strategic needs.
- **Low-Code/No-Code Platforms:** These platforms allow technical and non-technical users to create applications using drag-and-drop interfaces and prebuilt logic.
- **Generative AI in software development** refers to artificial intelligence systems-especially large language models and deep learning algorithms-that can automatically create code, documentation, tests, or even software designs in response to natural language prompts or requirements.

SOURCE | **Tracxn**

Size and growth

Present and future of Software Development

- Mordor Intelligence projects a compound annual **growth rate (CAGR) of 10.12%**, with a market value of **532.33 billion USD in 2025** and a forecast of **862.01 billion USD by 2030**.
- Business Research Insight estimates a **CAGR of 14.51%, with a market value of 435.99** billion USD in 2024 and a forecast of **1,475.9 billion USD by 2032**.
- Global Growth Insights reports a **CAGR of 11.74%**, with a market value of **258.57 billion USD** in 2024 and a forecast of **702.19 billion USD by 2033**.

MARKET FORECAST			
Reports	**CAGR**	**Market Value**	**Forecast**
Mordor Intelligence	10.12%	532.33 billion USD (2025)	862.01 billion USD (2030)
Business Research Insight	14.51%	435.99 billion USD (2024)	1475.9 billion USD (2032)
Global Growth Insight	11.74%	258.57 billion USD (2024)	702.19 billion USD (2033)

SOURCE | **Grand View Research · Mordor Intelligence · Global Growth Insights**

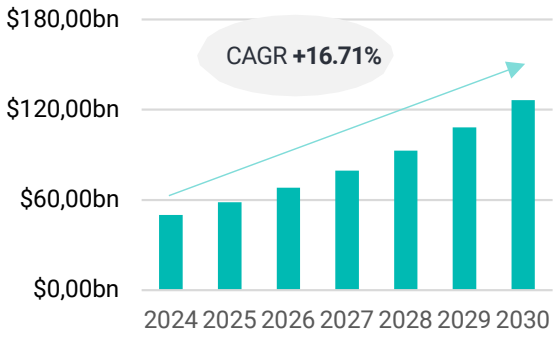
Size and growth

Present and future of Software Development

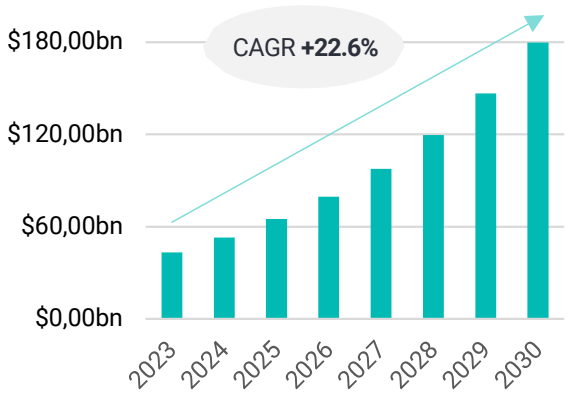
The main sub-segments are experiencing considerable growth due to the accelerated digital transformation in all sectors.

- Companies need to automate business processes and demand for technology solutions tailored to the specific needs of each company.
- Businesses are looking for software that integrates seamlessly with their systems, is scalable and allows them to respond quickly to market or regulatory changes.
- The adoption of technologies such as artificial intelligence, machine learning, cloud computing and advanced data analytics is driving the creation of more efficient and personalized tools.

Generative AI in Software Development Market Forecast



Custom Software Development Market Forecast



SOURCE | **Grand View Research · Mordor Intelligence · Global Growth Insights**

Geography
Regional Analysis

SOFTWARE DEVELOPMENT REGIONAL MARKET FORECAST

Europe

The European software market is expanding, led by digital transformation, cloud adoption, and strong demand for secure, high-quality solutions.

North America

This remains the world's largest software development market, led by the United States. Major tech companies and early adoption of AI, cloud, and automation drive growth. Software and IT services spending dominates, with double-digit annual growth rates.

Middle East and Africa

Growth here is accelerating, driven by digital transformation in banking, government, and telecommunications, as well as investments in tech infrastructure and cybersecurity.

Asia

This is the fastest-growing region, thanks to rapid digital transformation, a thriving startup ecosystem, outsourcing, and investments in cloud and AI. Countries like India, China, and Japan are leading the expansion and driving demand for tech talent.

Latin America

While it represents a smaller share of the global market, Latin America shows steady growth due to business modernization, digitalization, and adoption of cloud and mobile solutions. Brazil and Mexico are the main regional drivers.

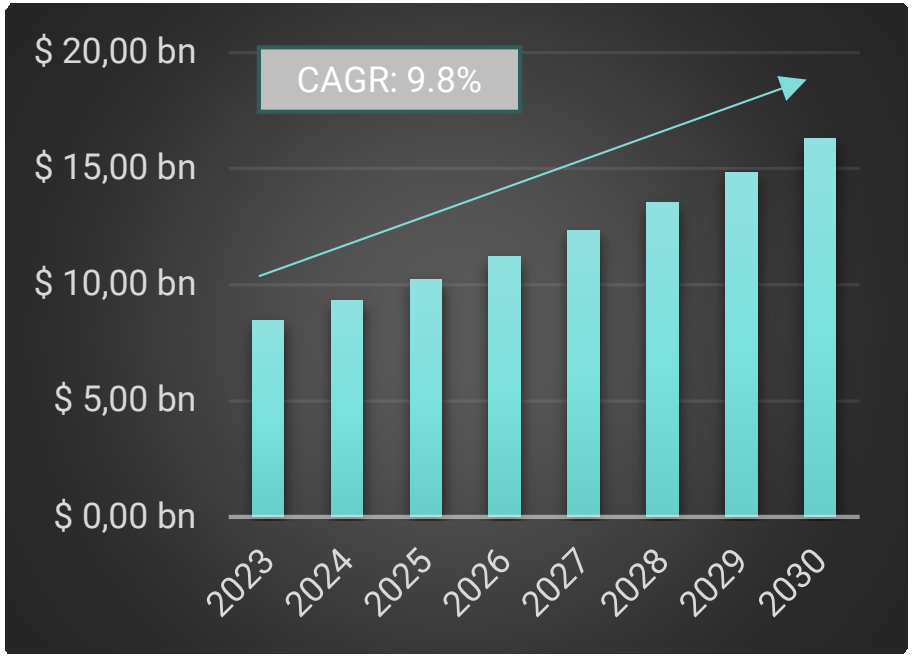
Geography

Software Development in Spain

The Spain Software Development Market size is forecasted to reach USD **16.31 billion by 2030, after growing at a CAGR of 9.8% during 2023-2030.**

According to Digital Economy and Society Index 2021, Spain ranks third in the EU in connectivity and seventh in digital public services, with levels well above the European average.

- Spanish start-ups secured **€1.9 bn in VC investment, according to data from Dealroom.** That is nearly **four times more than the first half of 2020 when €500 million was raised.**
- There are more than **26,909 apps from Spanish publishers out of the 2,937,948 apps on Google Play.**
- As the region receives a wave of venture funding and interest from tech companies, there is growing momentum to address the region's tech community's labor shortage by empowering workers to operate in Spanish.



SOURCE | **IndustryARC · Cinco Días**

Geography
Software Development in Spain

Government Initiatives

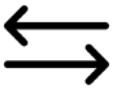
- Spain is therefore the country that would receive most funds from the Recovery, Transformation and Resilience Plan (Next Generation EU).
- Spain will receive up to €140 billion from the Recovery, Transformation, and Resilience Plan (Next Generation EU) between 2021 and 2026.
- 23.1% of the funds will be allocated to the digitalization of industry, SMEs, and tourism.
- The goal is to increase e-commerce for SMEs to 25%, with current levels under 10%.
- The Digital Toolkit Program will invest €3 billion between 2021 and 2023 to support basic digitalizarion for SMEs.

SOURCE | **IndustryARC · Cinco Días**

Key drivers

Key Growth Drivers of the Software Development Market

MAIN GROWTH DRIVERS OF SOFTWARE DEVELOPMENT MARKET



Digital Transformation across all sectors

- Organizations are overhauling legacy systems to remain competitive.
- Software development is at the core of this transformation, especially in industries like BFSI, healthcare, manufacturing, logistics, and government.
- The shift includes automation, process digitalization, and customer experience redesign-leading to sustained demand for tailored and scalable solutions.

Demand for Customization in Enterprise Software

- Off-the-shelf solutions are increasingly inadequate for sector-specific needs (e.g. logistics, fintech, healthcare).
- Organizations demand tailored solutions that can integrate with their systems, meet compliance standards, and evolve over time-fueling sustained demand for custom development capabilities.

Global Talent Scalability and Cost Optimization

- The global software workforce is increasingly distributed.
- High-quality developers in India, Eastern Europe, LATAM, and Southeast Asia have enabled round-the-clock development and margin optimization for firms in developed markets.

Expansion of low-code / no-code platforms

- Enables much faster and more cost-effective application development, accelerating innovation and time-to-market.
- Democratizes software creation, allowing non-technical professionals to build digital solutions and reducing reliance on expert developers.
- By 2025, 70% of new applications will use low-code/no-code platforms, with ROI exceeding 188% in large enterprises.
- The global market for these platforms is growing rapidly and is expected to account for over 65% of application development activity by 2024-2025.

SOURCE | **Forrester Predictions 2024 · Deloitte · Bain · Grand View Research · Gartner · AppMySite**

Key trends

Key Trends Shaping the Future of Software Development

AI-Augmented Development Becomes Mainstream	Rise of Platform Engineering and Internal Developer Platforms	Sustainability in development	Low-Code / No-Code Platforms	Development Security Operations
Generative AI tools like GitHub Copilot, CodeWhisperer, and Tabnine are accelerating code creation, debugging, documentation, and testing. **Up to 30% of new code is now AI-generated in early adopter companies.** • Boosts developer productivity and speeds time-to-market. • Shifts developer roles from pure coding to supervision and integration.	Engineering teams are building internal platforms to standarize developer tooling, improve onboarding, and increase autonomy across squads.	Companies prioritise responsible practices, such as the energy efficiency of code and the use of sustainable infrastructure, to reduce the environmental impact of software.	These tools democratise development, allowing non-technical people to create applications and accelerating digitalisation in companies of all sizes.	Security is being baked into every stage of development. Static code analysis, SCA, secrets detection, and shift-left practices are now required.

Vibe coding is a programming paradigm in which developers describe problems in natural language, and AI systems generate the corresponding code. This approach shifts the programmer's role from manual coding to guiding, testing, and refining AI-generated solutions.

SOURCE | **IDC · Gartner · Bain · Forrester**

Segmentation

- **Subsegment**
- **Segmentation type**
- **Taxonomy**

Segmentation

Segmentation type of Custom Software Development

BY INDUSTRY VERTICAL	BY DEPLOYMENT	BY OUTLOOK
BFSI	ON-PREMISE	WEB BASED SOLUTIONS
GOVERNMENT	CLOUD	MOBILE APP
RETAIL		ENTERPRISE SOFTWARE
IT & TELECOMMUNICATION		
MANUFACTURING		
HEALTHCARE		
OTHERS		

IT & Telecom:

- Drivers: Flexibility needs, security integration, lower maintenance and licensing costs.

Government:

- Drivers: Digital transformation, modernization, automation, transparency.

Other major sectors:

- BFSI (Banking & Finance), Healthcare, Manufacturing, Retail, etc.

Cloud:

- Market share: 57% in 2024 (largest segment).
- Drivers: Easy access, flexibility, cost-effectiveness, no upfront infrastructure, remote accessibility.

On-premise:

- Market share: Less than cloud but growing at a 21% CAGR.
- Drivers: Full control, enhanced security, no internet dependency, preferred in critical sectors.

SOURCE | **Grand View Research**

Segmentation

Segmentation type

BY LANGUAGE	BY BUSINESS SIZE	BY MARKET DEMAND
JAVA: Java hold the largest share in the Spain Software Development Market in 2021.	SMALL AND MEDIUM BUSINESS	BANKING AND FINANCIAL INSTITUTION
PYTHON	ENTERPRISE	INSURANCE FIRMS
C++	GOVERNMENT	MEDIA AND ENTERTAINMENT
SCALA		**GOVERNMENT:** Government hold the largest share in the Spain Software Development Market in 2021.
RUBY		DEFENSE
LISA		TELECOMMUNICATION
PERL		AUTOMOTIVE
SQL		CONSUMER GOODS AND RETAIL
ANDROID		HEALTHCARE
OTHERS		MANUFACTURING
		OTHERS

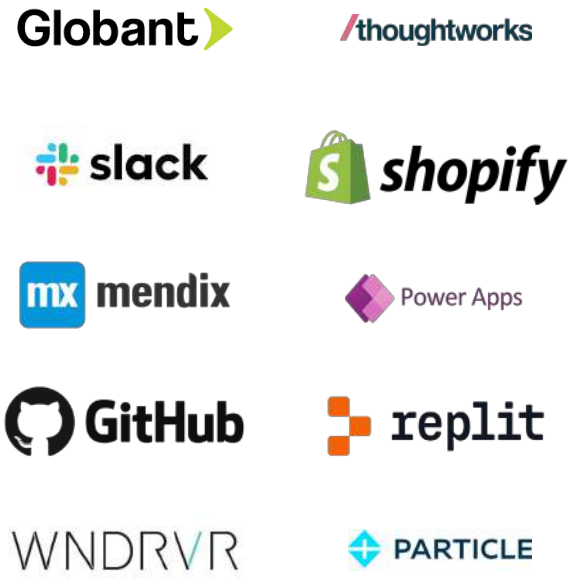
BY DEPLOYMENT	BY MARKET DEMAND
ON-PREMISE	IN-HOUSE ON PAYROLL
CLOUD	HIRED FROM SECONDMENT PROVIDERS
	HIRED FREELANCERS
	FULLY OUTSOURCED

SOURCE | **Industry ARC**

Segmentation

Segmentation type

CUSTOMER SOFTWARE DEVELOPMENT	Tailor-made solutions created to solve specific business problems or workflows for which standard software is not suitable.
SaaS PRODUCT DEVELOPMENT	Development of multi-tenant, cloud-native software products sold on a subscription basis to end users.
LOW-CODE / NO-CODE PLATFORMS	Tools and environments allowing non-technical users to build and deploy apps with minimal code.
AI-DRIVEN SOFTWARE DEVELOPMENT	Application of AI for code generation, testing, documentation, and software optimization.
EMBEDDED & IoT SOFTWARE DEVELOPMENT	Development of software for embedded systems and smart devices, often requiring low-level programming.



Segmentation

Segmentation type

GAME DEVELOPMENT	AI/ML systems that track viewer behavior to personalize content delivery and ad targeting.
DevOps AND CI/CD TOOLCHAIN PROVIDERS	Decentralized systems for content ownership, licensing, and royalty tracking.
ENTERPRISE APPLICATION DEVELOPMENT	Focused on building complex, large-scale applications for internal use by large enterprises.
OPEN SOURCE	Software with publicly available source code that anyone can use, modify, and distribute freely.
MOBILE APPLICATION DEVELOPMENT	Development of native or cross-platform mobile applications for consumer or enterprise use.

Segmentation

Taxonomy Software Development

IT SERVICES	
E-Governance	Storage
Suite	Networking
Virtualization	**Application Development**
Analytics	Cloud
Database	Hosting
Software Container Services	Security
DevOps	System Integrator
IT Operations	IT Asset Disposition
Data Center	Managed Services
IT Advisory	Software Acquirers
IT Support	ERP

APPLICATION DEVELOPMENT	
Horizontal	Email Template Development
Software Development	Code Review
Web Development	Software Testing
Mobile App Development	App Store Developer Account Setup
Website Development	AI Development
Website Cloning	IoT Development
Ecommerce Development	API Development
	UI and UX Development

- Software Testing → **Outsourced Testing**
- Software Testing → **Crowdsourced Testing**
- UI and UX Development → **Icon Design**

SOURCE | **Tracxn**

5Fs Porter

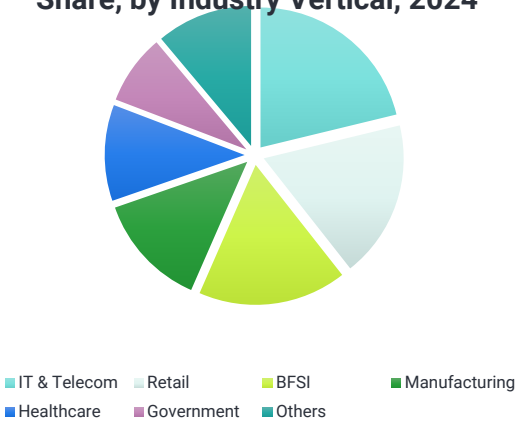
- **Market**
- **Suppliers**
- **Competitors**
- **Complementary products**
- **Substitute products**

Market

User Categories

END USERS			
Multinational companies	**SMEs**	**Tech companies**	**Public Sector and Nonprofits**
• Custom integrations with legacy systems. • Data compliance (e.g. GDPR, HIPAA) • Enterprise-grade scalability, security, and SLAs • Support for cloud migration, DevSecOps and AI/ML enablement.	• Affordable custom software with faster time-to-value • Automation of business processes • Scalable SaaS tools tailored to niche verticals	• Extended development teams or outsourcing partners • AI-enhanced development capabilities • DevOps and CI/CD optimization	• Citizen Service Platforms • Legacy modernization • Accesibility, Compliance and transparency

Custom Software Development Share, by Industry Vertical, 2024



SOURCE | **Grand View Research**

Market

Go-to Market Strategies

SALES CHANNELS

Direct Sales

Partner Channels

Inbound Sales

Marketplace Channels

PRICING STRATEGIES

Time & Material

Fixed Price

Dedicated Team

Retainer-Based

Success/ROI-Based Pricing

Trend: Hybrid models (e.g. T&M during discovery phase, fixed-price execution) are becoming standard to balance flexibility with predictability.

PARTNERSHIPS AND COLLABORATIONS

System Integrators

Cloud Providers

Tech Platforms

Universities/Bootcamps

Market

Go-to Market Strategies

MARKETING APPROACH	
APPROACH	**DETAILS**
CONTENT MARKETING	Blog posts, whitepapers, and SEO-driven landing pages targeting tech keywords.
THOUGHT LEADERSHIP	CTO-authored articles, webinars, engineering culture showcases.
TRADE SHOWS & EVENTS	Presence at events like Web Summit, Mobile World Congress, DevOpsDays.
ACCOUNT-BASED MARKETING	Personalized outreach to target enterprise decision-makers.
INDUSTRY CASE STUDIES	Focus on ROI, use-case detail, and measurable KPIs (e.g. reduced TTM by 40%).
DIGITAL ADVERTISING	Targeted Google Ads, LinkedIn Sponsored Posts, and programmatic campaigns.

Supplier categories

Key Supplier Categories

CLOUD INFRASTRUCTURE PROVIDERS	Offer scalable and reliable infrastructure services, enabling developers to deploy applications without managing physical servers.
DEVELOPMENT TOOL VENDORS	Provide tools that automate the integration and deployment of code, facilitating continuous delivery.
QA & TESTING PROVIDERS	Provide tools and services for automated and manual testing to ensure software quality.
SECURITY & COMPLIANCE VENDORS	Offer tools and services that identify security vulnerabilities and ensure compliance with industry standards.
PLATFORM-AS-A-SERVICE (PaaS)	Offer platforms that allow developers to build, run, and operate applications without managing infrastructure.
OUTSOURCED DEVELOPMENT FIRMS	These providers handle content distribution, localization, and subtitling, ensuring that media reaches global audiences effectively.

Competitive Landscape

Market Ecosystem

This image shows Gartner's Magic Quadrant, one of the technology industry's most widely recognized analysis tools for evaluating the leading providers of custom software development services globally.

Figure 1: Magic Quadrant for Custom Software Development Services, Worldwide

SOURCE | **Gartner (November 2023)**

Value Chain

- **Primary and support activities**

Value Chain

Primary and support activities

PRIMARY ACTIVITIES

DESIGN & SPECIFICATION

- Business requirements gathering
- User story mapping and journey definition
- UX/UI prototyping
- Technical architecture design

DEVELOPMENT & ENGINEERING

- Frontend & backend development
- API development & integration
- Database modeling
- Source control and versioning

TESTING & QUALITY ASSURANCE

- Manual and automated test creation
- Regression and unit testing
- Security and stress testing
- Bug tracking and performance benchmarking

DEPLOYMENT & OPERATIONS

- CI/CD pipeline integration
- Cloud provisioning and orchestration
- Containerization and load balancing
- Monitoring release performance

MAINTENANCE & OPTIMIZATION

- Bug fixing and patch releases
- Performance optimization
- A/B testing and feature enhancement
- Monitoring usage and uptime

SUPPORT ACTIVITIES

TALENT & RESOURCE PROVISIONING

Supply the specialized human capital required across the value chain.

- Hiring, upskilling, and talent management.
- Outsourcing (offshore/nearshore)
- Staff augmentation and freelance contracting

TOOLS & INFRASTRUCTURE

Provide the technological foundation and digital tools used throughout the Software Development Life Cycle.

- Cloud Infrastructure and PaaS
- Version control systems
- Frameworks, SDKs, and libraries

LEGAL & RIGHTS MANAGEMENT

Ensure the software complies with regulations and industry standards, while remaining secure.

- Code scanning and dependency management
- Compliance audit and reporting
- Data protection and user privacy measures

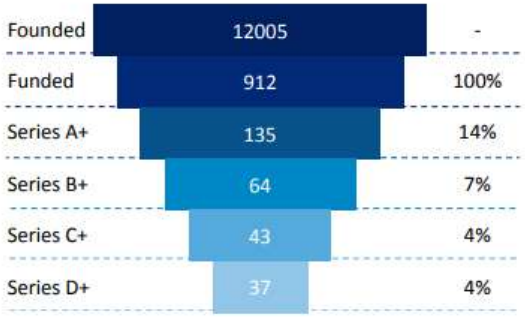
Investment activity

- **Key investment metrics**
- **Key acquisition metrics**
- **Main transactions**
- **Key transactions**

Investment analysys in the sector

Market report “Software Development Services”: key investment metrics

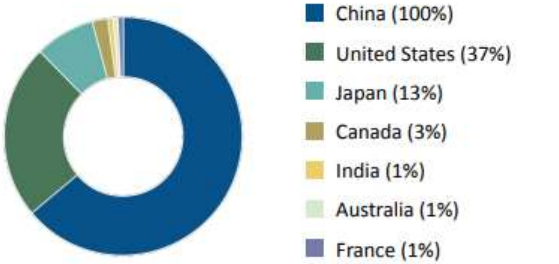
Companies by Stage



Y-o-Y Funding

Total Funding: $2.7B

$ Funding by Geography



Top Funding Rounds in last 2y

Company	Round Details
Min1max.cn (2022, China, $2.5B)	$2.5B-Series D
Amelia (1998, United States, $175M)	$175M-Series D
Lingdi Digital .. (2015, China, $145M)	$100M-Series A
Go (1977, Japan, $72.2M)	$72M-Series D
Sanas (2020, United States, $56.4M)	$36M-Series A

Top Investors

Stage	Investor	# Portfolio
Seed Stage	Techstars	4
	Y Combinator	4
	East Ventures	3
Early Stage	a16z	2
	Caixa Capital Risc	2
	Initialized Capital	2
Late Stage	Accel-KKR	1
	MUFG Bank	1
	BuildGroup	1

Top Exits

Type	Company	Acq. Price/IPO Mcap
Acq.	Mission Critical Software (1996, United States)	$1.4B
	Attachmate Group (2011, United States)	$1.2B
	Noble Agri (1998, China)	$750M
IPO	Sichuan Guanxiang Technology (2009, China)	$395M
	Tianyima Information Industry (1998, China)	$359M

SOURCE | **Tracxn**

Investment analysis in the sector

Market report “Software Development Services”: key acquisition metrics

Key Stats

622
Total Acquisitions

5.0 Yrs
Avg. yrs from first funding to Acq.

$9.9M
Avg. Funding raised before Acq.

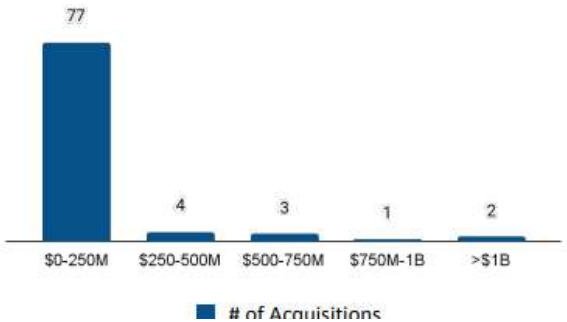
$112M
Avg. Acq. Price

Top Investors by # Acq. Exits

Investor	# Acq.	Notable Acq.
Enterprise Ireland	3	Curam Software, Amartus, I..
Battery Ventures	2	Phoenix Technologies, LASE..
BGF	2	Amdaris, adept4
Bank of America	2	Unicorn, Servicesoft Techn..
a16z	2	Gigster, Tasty Labs

Y-o-Y Acquisition Trends

Acquisitions Distribution by Acq. Price



All-time Top Acquisitions

Company	Acq. Price
Mission Critical S.. (1996, Glastonbury)	$1.4B
Attachmate Group (2011, Houston)	$1.2B
Agisgroup.com (2010)	$818M
Noble Agri (1998, Hong Kong)	$750M
Servicesoft Techno.. (1997, Natick, $48.0M)	$645M
Third Wave (2012, Palm Beach Gardens)	$580M
SoftAware (1994, Marina Del Rey)	$450M
MKS Software (1998, Needham)	$350M
PlantCML (2014, Temecula)	$350M
Webline (1996, San Jose, $10.0M)	$325M

SOURCE | **Tracxn**

M&A Strategy

Buyer profile and target profile

BUYER PROFILE				TARGET PROFILE
STRATEGIC SOFTWARE / SaaS CORPORATES	**FINANCIAL SPONSORS / PE PLATFORMS**	**IT-SERVICES / CONSULTING INTEGRATORS**	**TRADITIONAL / NON-TECH CORPORATES**	
Cloud Hyperscalers	Vertical-SaaS Roll-up Funds	Global Tier-1 SI	Financial-Services Groups	Horizontal SaaS
Enterprise-Apps Suite	Platform Carve-out Funds	Regional / Near-shore SI	Industrial & Auto	Vertical SaaS
Dev/Infra Software Vendors		Digital Engineering Pure-plays	Retail / E-commerce	Dev Tools / DevOps
Vertical SaaS Specialists			Telecom Operators	Cyber-security Software
				Data / Analytics SaaS
				AI/ML Specialists
				IT-Services / Dev Shops
				Digital Design / CX Agencies
				Mobile / Web Studios
				Other Niche Tech (IoT, blockchain, OT-security)

- Cloud Hyperscalers (e.g. AWS, MSFT, GCP) buy DevTools / DevOps and Data / Analytics SaaS 6x more often than any other vertical.
- Enterprise-App Suites (SAP, Salesforce) overwhelmingly target Horizontal SaaS (36 of 43 deals) to expand product clouds.
- Financial-Service Corporates favour FinTech / InsurTech (31 of 52 deals) but are now second-most active in AI/ML.

M&A Strategy

Strategic Software / SaaS Corporates

STRATEGIC CORPORATES	TARGET PROFILE	DESCRIPTION
Cloud Hyperscalers	DevTools / DevOps / Data / AI	• **Synergies:** Integrations into their platform ecosystems (e.g. AWS DevOps suite, GCP AI tools). • **Growth Potential:** Drive cloud consumption by selling tooling natively on their marketplaces. • **Financial Returns:** Small tuck-in prices with huge platform monetization upside via usage-based billing. • **Market Consolidation:** Hyperscalers often acquire small tech firms to remove friction in developer adoption.
Enterprise App Suites	Horizontal SaaS	• **Synergies:** Expands their module suite (e.g. adding CPQ, HR, billing to ERP/CRM clouds). • **Growth Potential:** Cross-sell to installed enterprise customers with 90%+ renewal rates. • **Financial Returns:** High-margin SaaS recurring revenue boosts valuation mutliples. • **Market Consolidation:** Reduce vendor sprawl for customers.
Dev / Infra Vendors	DevTools / Cybersecurity / Data	• **Synergies:** Complements existing monitoring, observability, security offerings. • **Growth Potential:** Bundle into developer platform pricing. • **Financial Returns:** Low integration cost with high net retention impact. • **Market Consolidation:** Own more of the DevOps toolchain.
Vertical SaaS Providers	Vertical SaaS / FinTech / HealthTech	• **Synergies:** Expand into adjacent workflows (e.g. payroll + tax + compliance). • **Growth Potential:** Monetize deeply embedded customer relationships. • **Financial Returns:** Vertical specialization defends pricing power. • **Market Consolidation:** Build category leadership via roll-ups.

VERTICAL TYPES

FinTech / InsureTech

HealthTech

PropTech

RetailTech / Commerce

M&A Strategy
Traditional / Non-Tech Corporates

BUYER SUBTYPE	TARGET VERTICAL	WHY IT'S ATTRACTIVE	COMMON SYNERGIES
Financial-Service Corp	FinTech, RegTech, Data-driven Finance	• Acquiring compliance-ready SaaS or AI risk tools accelerates product rollout without deep internal build. • Improves time-to-market and enables digital wallet or open banking integrations.	AML/Fraud engines + KYC + payments rail; open banking + user base expansion
Industrial / Auto Corp	IoT, Digital Twin, Edge Intelligence	• Embedding software IP allows legacy industrials to transition to Industry 4.0 • Frequent cost-savings through automation & predictive maintenance.	IoT sensors + analytics + ERP integrations
Retail / E-Commerce Corp	UX, Loyalty SaaS, Last-Mile Logistics	• Improves conversion, personalization, and fulfillment UX. • Low capital intensity + short time-to-value.	CRM + loyalty tech + e-commerce CMS
Telecom Corp	OSS/BSS Tools, Network Management, 5G DevOps	• Needed to modernize their legacy stacks (billing, provisioning) • Critical for 5G monetization and virtualization.	OSS + network analytics + policy control modules

M&A Strategy

IT-Services / Consulting Integrators

Global Tier-1 System Integrators

TARGET VERTICAL		
DevOps / DevTools SaaS	**AI/ML Specialists**	**IT Services / Dev Shops**
Tools that automate CI/CD pipelines, infrastructure as Code (IaC), container orchestration, and developer productivity.	Firms with applied AI expertise-model training, data pipelines, predictive analytics.	Mid-size agile development teams providing custom web, mobile, or backend software solutions.
Tier-1 SIs need to modernize their tech stack and embed DevOps practices in enterprise digital transformation. Owning tooling provides differentiation.	Clients demand AI capabilities in every enterprise workflow (HR, ops, finance). SIs must integrate AI in core services.	Plug-and-play scale for delivery. Helps win large deals where manpower is key.
• Integrate tools into delivery playbooks • Upsell managed services around DevOps • Improve project velocity & reduce delivery errors	• Package AI accelerators into transformation programs • Improve analytics offerings • Win strategic projects via pre-built IP	• Nearshore/offshore capacity • Better staff utilization • Talent supply for long-term outsourcing contracts

M&A Strategy

IT-Services / Consulting Integrators

Regional / Near-shore System Integrators

TARGET VERTICAL	
Mobile / Web Studios	**Dev Shops / Agile Teams**
Boutique development agencies specializing in mobile apps, PWAs, or front-end architecture.	Teams of 50-200 engineers with niche skills or sector focus (e.g., FinTech, logistics).
Entry point to product engineering capability; ability to go upmarket in CX transformation.	Organic scale is slow; M&A is faster and low-risk, when buying proven delivery centers.
• Immediate capability expansion • Cost-effective, regional teams • Faster go-to-market for client PoCs	• Time-zone advantage • Expand coverage in fast-growing industries • Shared delivery methodologies

M&A Strategy

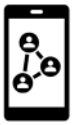
IT-Services / Consulting Integrators

Digital Engineering

TARGET VERTICAL	
Digital Design / CX Studios	**AI / ML Specialists**
UX/UI design agencies, product strategy firms, service design consultancies.	Teams focused on practical applications of AI-personalization, demand forecasting, LLM customization.
Differentiation through design is critical in high-value digital transformation projects.	Allows creation of proprietary assets and reusable machine learning components.
• Merge-design + engineering for full-stack offer • Improve pre-sales (better prototypes, visioning) • Build vertical accelerators with refined user journeys	• Apply AI across vertical templates • Recruit top-tier AI talent in niche domains • Enhance brand as a modern transformation partner

M&A Strategy

Buyer Type vs Target Size

	FINANCIAL SPONSORS / PE PLATFORMS	 **STRATEGIC SOFTWARE / SaaS CORPORATES**	**TRADITIONAL / NON-TECH CORPORATES**	**IT SERVICES / CONSULTING INTEGRATORS**
TARGET SIZE	• Focused on **$10M - $500M** funded targets • Avoids seed-stage / <$1M deals	• Concentrated on **<$50M** (esp. $1M - $10M) • Partial appetite for $50 - 100M Rare in $100M+	• Mostly <$10M when data is available	• Targets <$100M; preference for $10 - $100M • Avoids high-growth or ventu-re-backed plays
WHY	• Seek predictable ARR and margin • Buy-and-build potential across verticals • Valuation arbitrage (entry 8-12x, exit 15x)	• Roadmap accelerators (IP-dri-ven) • Acqui-hire for tech/talent (espe-cially AI/ML) • Bolt-on functionality for cloud suites	• Internal digital transformation • Acqui-hire dev teams or internal platforms • Often one-off deals led by digital business units	• Delivery team expansion • Add proprietary IP to services • Region/talent expansion via nearshore/offshore hubs

M&A Strategy

Buyer Type vs Target Size

In our database of more than 800 Software Development transactions

- 72% of targets bought by Cloud Hyperscalers have <$10M total funding (tech acqui-hire / tuck-in).
- Non-Tech Retail buyers gravitate to <$50M funding firms - “build vs. buy” cost logic.
- PE sponsors dominate the >$50-100M band, consistent with platform roll-ups.

M&A Strategy

Strategic Acquirers by Target Vertical

TARGET PROFILE	COMPANY COUNT	BEST-FIT BUYER TYPES	STRATEGIC FIT
IT Services / Custom Dev	7325	• IT Services / Consulting Buyer Industrial • Auto Corp	Adds nearshore/offshore delivery capacity or domain-specific services.
Digital Design / UX	4558	• Productivity / Creative Buyer • IT Services / Consulting Buyer	Acquired to lead digital transformation or creative-led SI offerings.
AI/ML Applications	4353	• Enterprise App Suite Buyer • Financial Services Buyer • Healthcare/LifeSci Buyer	Access to proprietary AI/ML models and teams; critical for enterprise automation.
Analytics / Data Platforms	3419	• Cloud Hyperscaler Buyer • Enterprise App Suite Buyer • Private Equity Buyer	Boosts cloud data stack, monetizable via embedded insights.
HealthTech / MedTech	1530	• Healthcare / LifeSci Buyer • Private Equity Buyer	Vertical SaaS in regulated markets; strategic for payers, providers, and pharma.
Cybersecurity SaaS	1499	• Cybersecurity Buyer • Telecom Corp • Private Equity Buyer	Complements cloud and infra portfolios; helps defend customer environments.
ERP / Accounting Software	1458	• Enterprise App Suite Buyer • Private Equity Buyer	Core to SME digitalization; ideal add-on for platform consolidators.
Retail / E-Commerce SaaS	1208	• Retail / E-Commerce Buyer • Enterprise App Suite Buyer	Strategic to large retailers modernizing customer experience and supply chain.
DevTools / DevOps	1090	• Dev / Infra Software Buyer • Cloud Hyperscaler Buyer • Enterprise App Suite Buyer	Fills product gaps in developer infrastructure; frequent acqui-hires by hyperscalers.

M&A Strategy

Strategic Acquirers by Target Vertical

TARGET PROFILE	COMPANY COUNT	BEST-FIT BUYER TYPES	STRATEGIC FIT
Sales / Marketing SaaS	764	• Productivity / Creative Buyer • Enterprise App Suite Buyer	Enhances customer engagement stack; targeted by CRM and CX platforms.
Project / Collaboration Tools	517	• Productivity / Creative Buyer • Cloud Hyperscaler Buyer	Adds user stickiness; often acquired for UI/IP or MAU base.
FinTech / InsurTech	419	• Financial Services Buyer • Private Equity Buyer	Attractive to banks and insurers digitizing front and back-office ops.
Customer Support Tools	347	• Enterprise App Suite Buyer • Private Equity Buyer	Expands support and self-service stack, fits CX players.
EdTech / Learning Platforms	323	• Enterprise App Suite Buyer • Healthcare / LifeSci Buyer	Demand for remote training/education tools; adjacent to HR/LMS suites.
Workflow / Productivity Tools	266	• Productivity / Creative Buyer • Enterprise App Suite Buyer	Boosts user productivity; aligns with collaboration/cloud platform M&A.
Creative / Media Software	242	• Productivity / Creative Buyer • Retail / E-commerce Buyer	Enhances design, animation, and content creation stacks.
Supply Chain / Logistics Software	108	• Industrial / Auto Corp • Retail / E-commerce Buyer	Logistics digitalization drive; fits well with industrial/retail acquirers.
PropTech Software	104	• Private Equity Buyer • Financial Services Buyer	Consolidation play for real estate platforms or PE vertical SaaS firms.
LegalTech / RegTech / GovTech	61	• Enterprise App Suite Buyer • Financial Services Buyer	Compliance-driven vertical SaaS; acquires seek domain depth.

M&A Strategy

Strategic Acquirers by Target Vertical

TARGET PROFILE	COMPANY COUNT	BEST-FIT BUYER TYPES	STRATEGIC FIT
Travel / Hospitality SaaS	53	• Retail / E-commerce Buyer • Private Equity Buyer	Enables reservation and operations; acquired by aggregators.
Event Management SaaS	34	• Productivity / Creative Buyer • Private Equity Buyer	Niche SaaS roll-ups; used for community or enterprise marketing.
HR / HCM Software	23	• HR / HCM Buyer • Enterprise App Suite Buyer • Private Equity Buyer	Cross-sell to enterprise HR clouds; proven roll-up opportunity for PE.
IoT / Embedded Software	13	• Industrial / Auto Corp • Energy / Utilities Corp	Key for industrial automation and smart infrastructure stacks.
Marketplace / Listing Platforms	9	• Retail / E-commerce Buyer • Private Equity Buyer	Customer acquisition funnel; bought by classifieds or vertical commerce.
Booking / Scheduling Software	5	• Retail / E-commerce Buyer • Healthcare / LifeSci Buyer	Frequently bought by health, beauty, or travel platforms.

Expertise

Expertise in the industry

Baker Tilly has extensive experience in the sector, advising more than 15 software development companies in the M&A process.

Business Software Group **Software Intelectual Property** GRUPO IT Empresarial Ip Software **2024**	Business Software Group **EHS Software** NEXIA TECH **2024**	Business Software Group **EHS Software** [clever] global **2024**	bitac. **Healthcare Software** IQVIA **2023**	Asolvi **SaaS** binary **2023**	VISMA **SaaS** moloni **2023**
VISMA **SaaS** DECLARANDO **2022**	Business Software Group **Wolter Kluwer - IT Software** C3 computer-3 **2022**	Business Software Group **Wolter Kluwer - IT Software** ngi **2022**	egestiona **EHS Software Platform** Business Software Group **2021**	AKKR **HR Software Platform** endalia **2021**	baratz **Library Mgmt System Software** total specific solutions **2021**
clavei **Software for agriculture sector** CLAVE **2021**	clavei **Wolters Kluwer - IT Software** inforsys adit3 SGSoftware **2021**	golbertia **Software for Governance Mgmt** DILITRUST **2021**	grupo castilla **HR software solutions** thinking people **2020**	CMC **SW Development + IT Services** brújula **2018**	

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