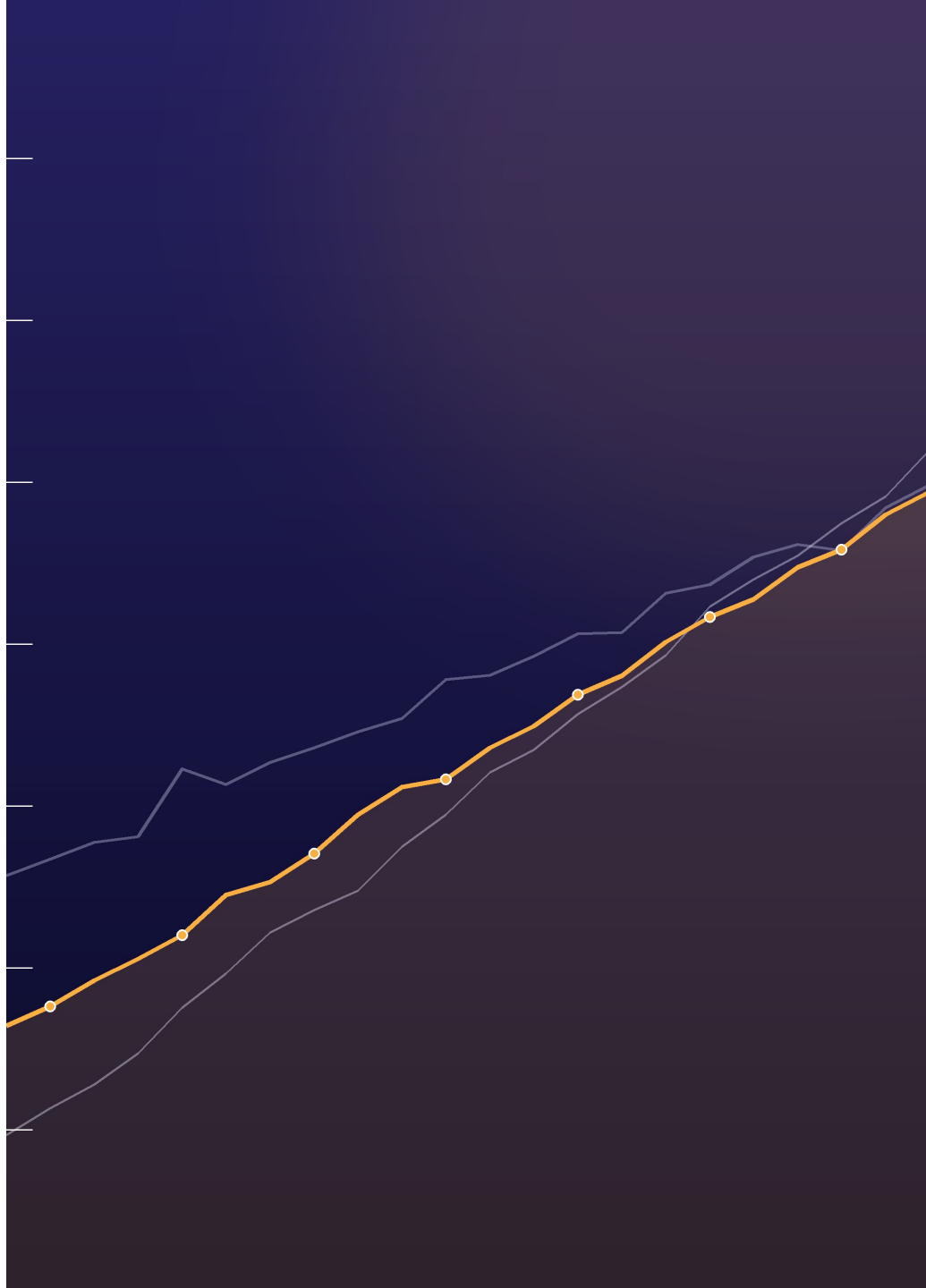
GEMFIELD
PARTNERS

Is software back?

Taking stock of enterprise software valuations entering Q3 earnings season

November 2026



Key takeaways

1. The median software multiple is almost back to December levels, primarily driven by security and infrastructure

2. The de-rating was across the board in 1Q, with the infrastructure names recovering in 2Q and applications much later, in 3Q

- Every sub-sector's multiple fell in 1Q (-18% to -39%). Observability, security and data and infrastructure came back in 2Q; the application sub-sectors only after June.

3. Fewer than half the names are back above the multiples they traded at the end of 2025, including under a third of applications

- 45 of 101 names are above their December multiple, but only 20 of the 68 applications; outside applications 25 of 33 are back.

4. For most names estimates kept rising as they reported through the last earnings season, so the multiple change was primarily share price driven

- Rolling NTM revenue estimates (which include the roll of the forward window) rose in every segment since December (+6% to +18%); the share price explains most of the broad pattern in the multiple.
- The changes happened mainly between the results announcements rather than at the print: -4% to +4% at the prints against +23% to +53% between them since June.

5. The key gainers: AI is showing up in demand

- **Security** AI raises the threat level and increases demand
- **Infrastructure** AI workloads drive increased usage
- **Communications** AI agents are adding traffic
- **Re-accelerating growth** growth picking up across a number of names, each for company-specific reasons

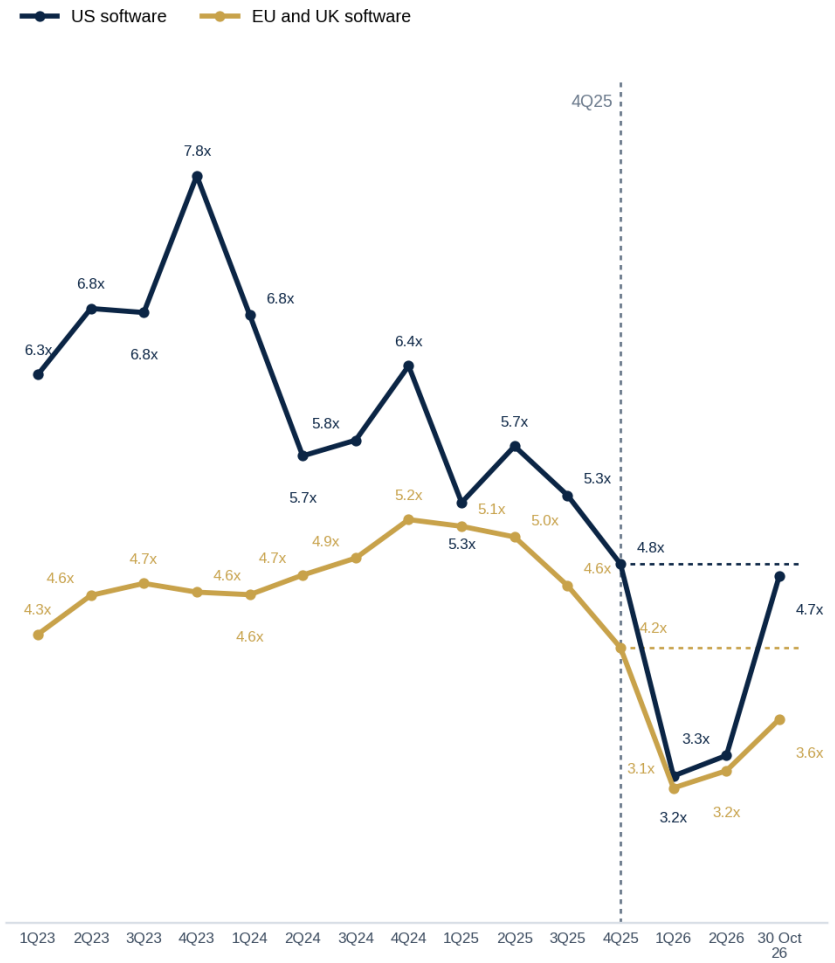
6. The 49 names with share prices below December: what is holding them back

- **AI-substitution discount** a large discount as investors believe AI will shrink the category, in spite of improving estimates and raised guidance
- **Beat, but guided slower** beat, but guided to slower growth and were sold on the print
- **Company-specific setbacks** a cut guide, a margin or cash reset, lost demand or an aborted sale
- **Recent drops** 4 names slipped below December since 22 October, led by ServiceNow on its 28 October results.

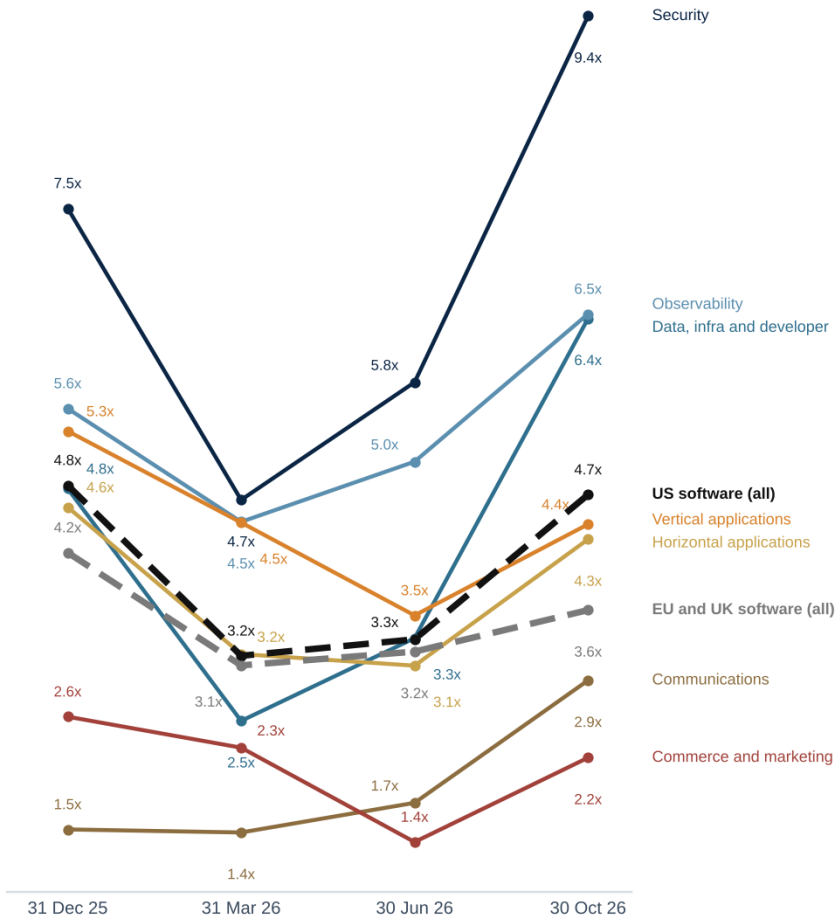
Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis.

The median software multiple is almost back to December levels, carried by security and infrastructure

Median NTM EV to revenue, by quarter end



2026 performance broken out by sub-sector



Key takeaways

The US median was 4.8x at the end of 2025 and fell to 3.2x by March.

It was back above that level on 26 October (4.9x). After last week's sell-off it is 4.7x

Europe has recovered less: 3.6x on 30 October against 4.2x at the end of 2025.

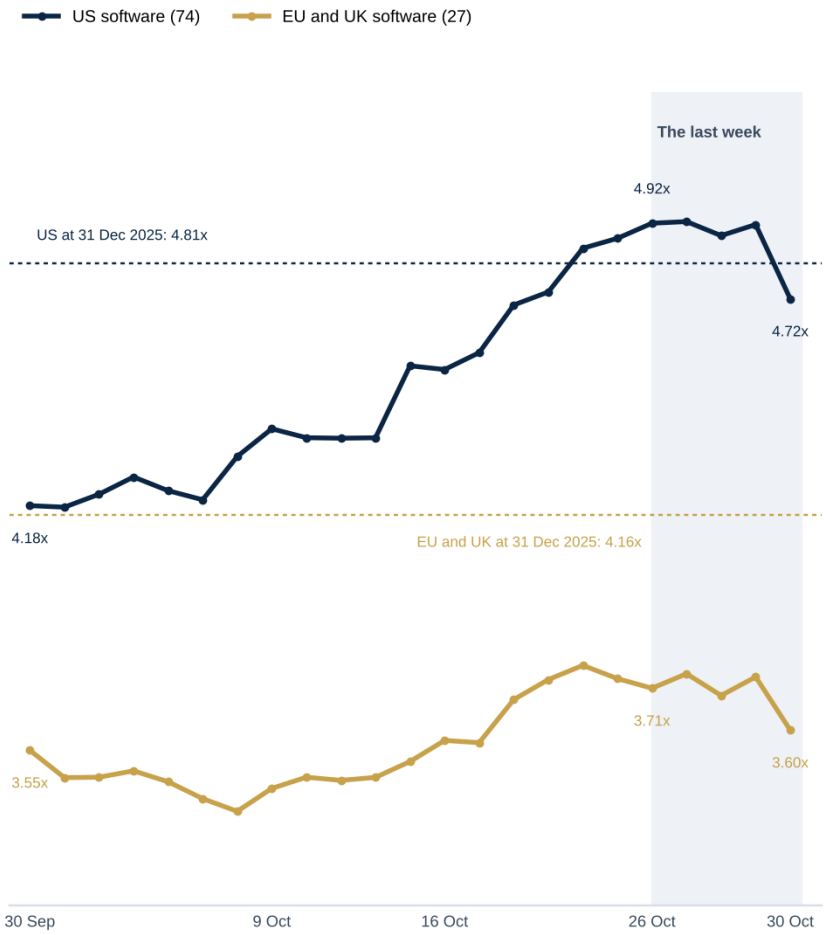
The recovery is mostly driven by Security (7.5x to 9.4x), data and infrastructure (4.8x to 6.4x),with observability and communications also above December 2025 levels;

Every application sub-sector is still below where it was on 31 Dec 2025.

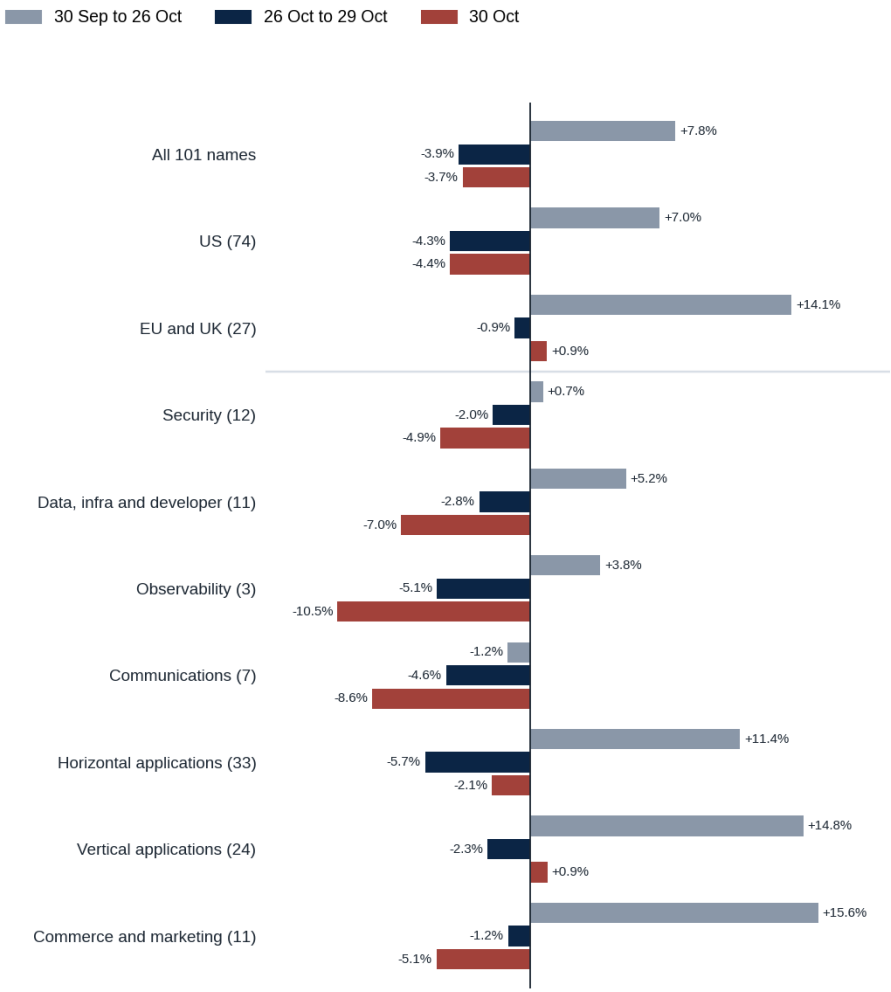
Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close.

The current levels include the impact of the broad based tech sell off in the last week of October

Median NTM EV to revenue, by day



Market-cap weighted share price index over October



Key takeaways

By 26 October the market-cap weighted share price index was +44% on 30 June and 46 of 101 names were above their December multiple.

From the 26 October close to Thursday it was about application results: ServiceNow fell 31% and Lectra 19% around their results. US applications were -5.8% while security fell less (-2.0%).

Friday hit the expensive names: observability -10.5%, data and infrastructure -7.0%, security -4.9% (communications -8.6%). The ten biggest fallers traded at 8.9x on Thursday, against 4.3x for all 101.

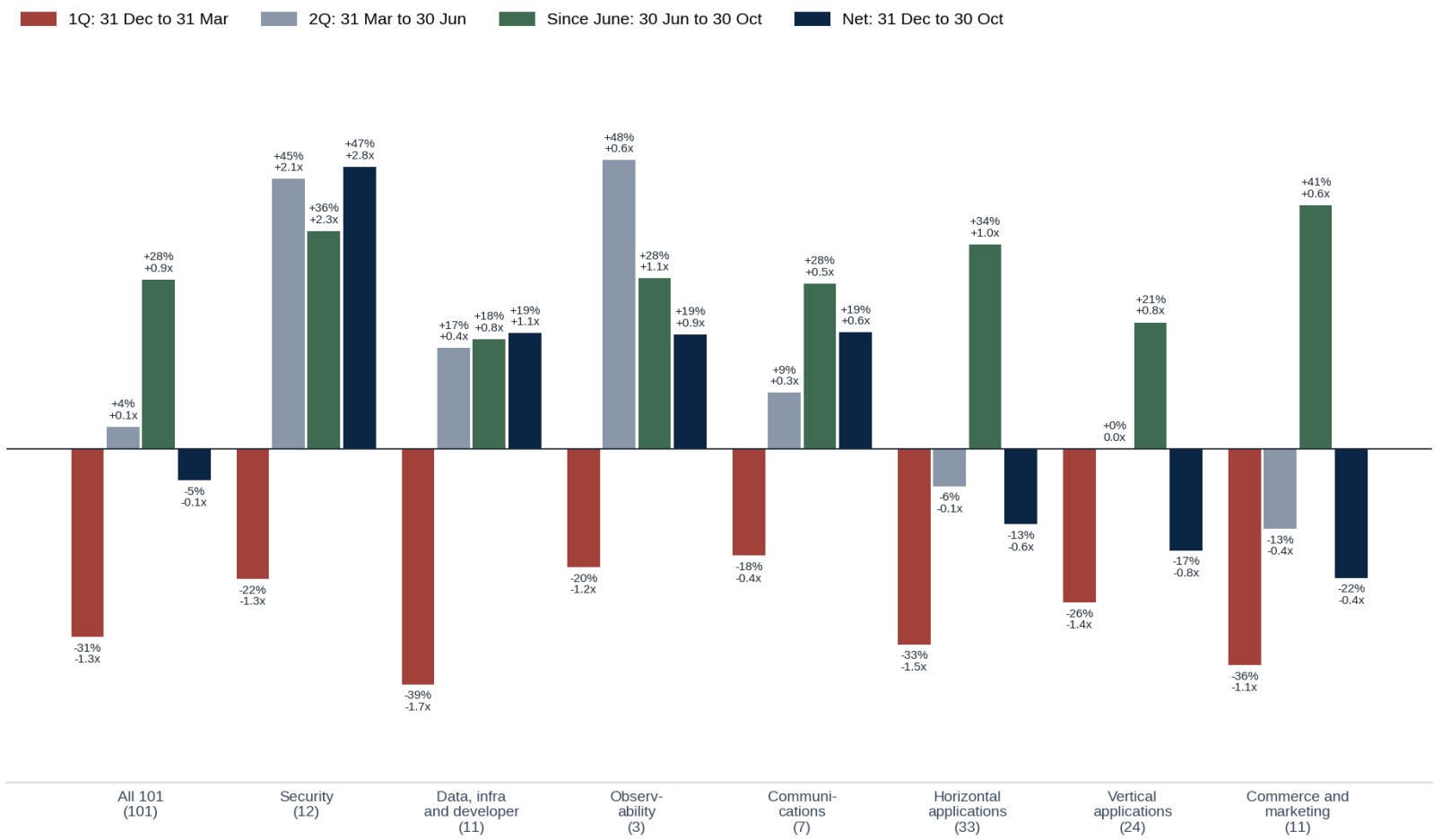
Europe rose on Friday (+0.9%) and applications fell less (-2.1%). The number above December went down to 45 from 46 at the 26 October high.

Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close. Share price indices weighted by market cap in US dollars at the start of each period; price changes in local currency.

Multiples de-rated across the board in 1Q; with security and observability names recovering first, applications only after June

Median change per name in the NTM EV to revenue multiple over each period, by sub-sector

Each bar is labelled with the per cent change in the multiple, then the change in turns (x); both are medians across the names in the group



Key takeaways

The 1Q sell-off in multiples was indiscriminate: every sub-sector's multiple fell, from -18% / -0.4x (communications) to -39% / -1.7x (data and infrastructure). The median name's multiple was down 31% (-1.3x).

2Q sorted the winners: observability multiples were up 48% (+0.6x), security 45% (+2.1x) and data and infrastructure 17% (+0.4x), while the three application sub-sectors' multiples fell or stood still.

Since June every sub-sector's multiple is up (+18% to +41%, +0.5x to +2.3x), with commerce and marketing (+41%, +0.6x) and horizontal applications (+34%, +1.0x) catching up from the lowest base.

Net on December, the security multiple is +47% (+2.8x) while the application sub-sectors' multiples are 13% to 22% lower (-0.4x to -0.8x). The median name's multiple is -5% (-0.1x).

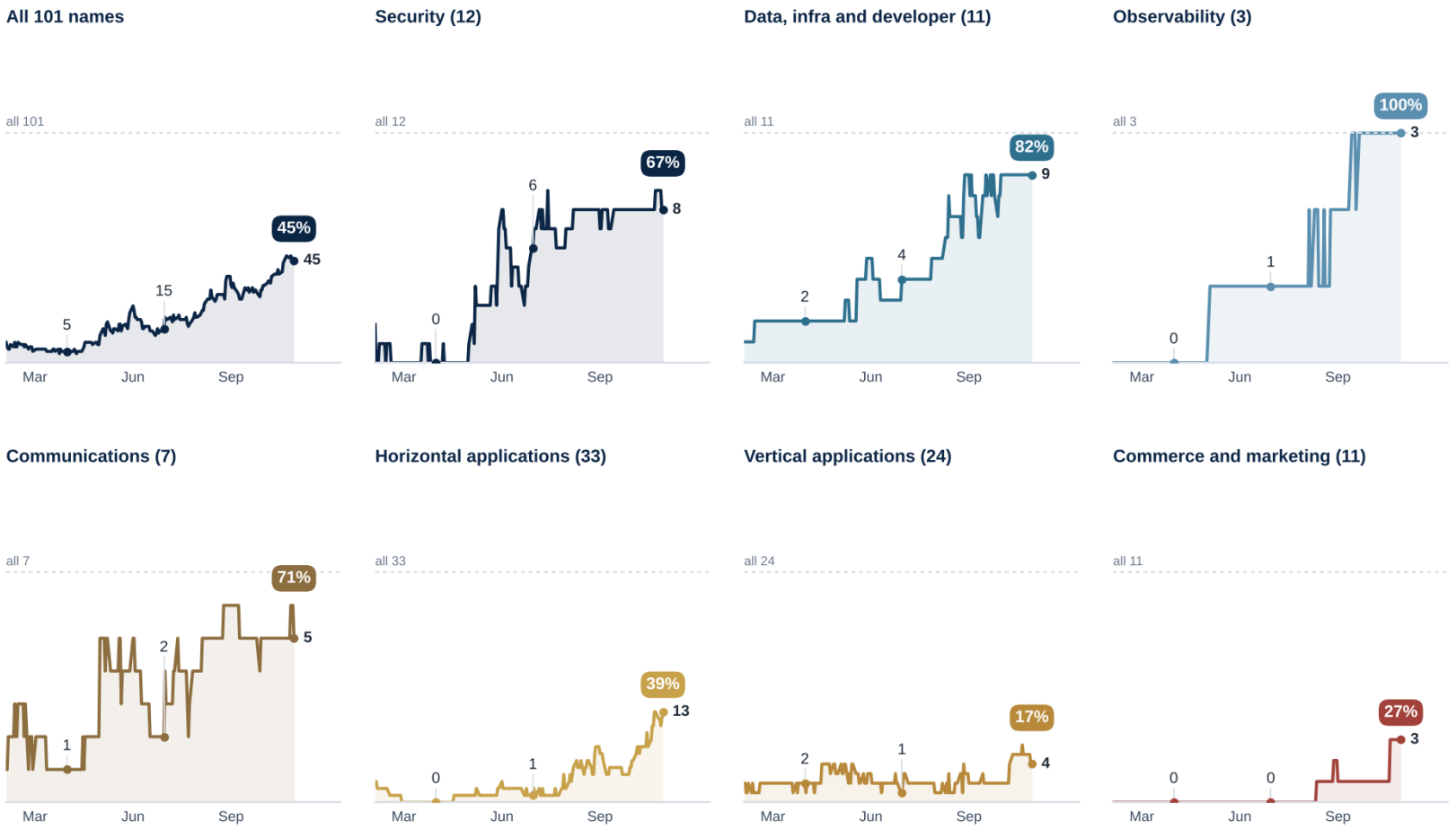
Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close.

Fewer than half the names are back above the multiples they traded at the end of 2025, and under a third of applications

Number of names above their 31 December 2025 multiple, by day and sub-sector

2 February to 30 October 2026; the readings at 31 March, 30 June and 30 October labelled; the dotted line in each panel is the full sub-sector

Number above December, labelled at 31 March, 30 June and 30 October; the bubble is the share of the sub-sector above December on 30 October; the dotted line marks every name



Key takeaways

45 of 101 names (45%) are above their December multiple, up from 4 at the 24 March low and 15 at the end of June.

Outside applications most are back: 25 of 33, including all 3 observability names and 9 of 11 in data and infrastructure.

Applications are lagging: 13 of 33 horizontal (39%), 4 of 24 vertical (17%) and 3 of 11 commerce and marketing (27%).

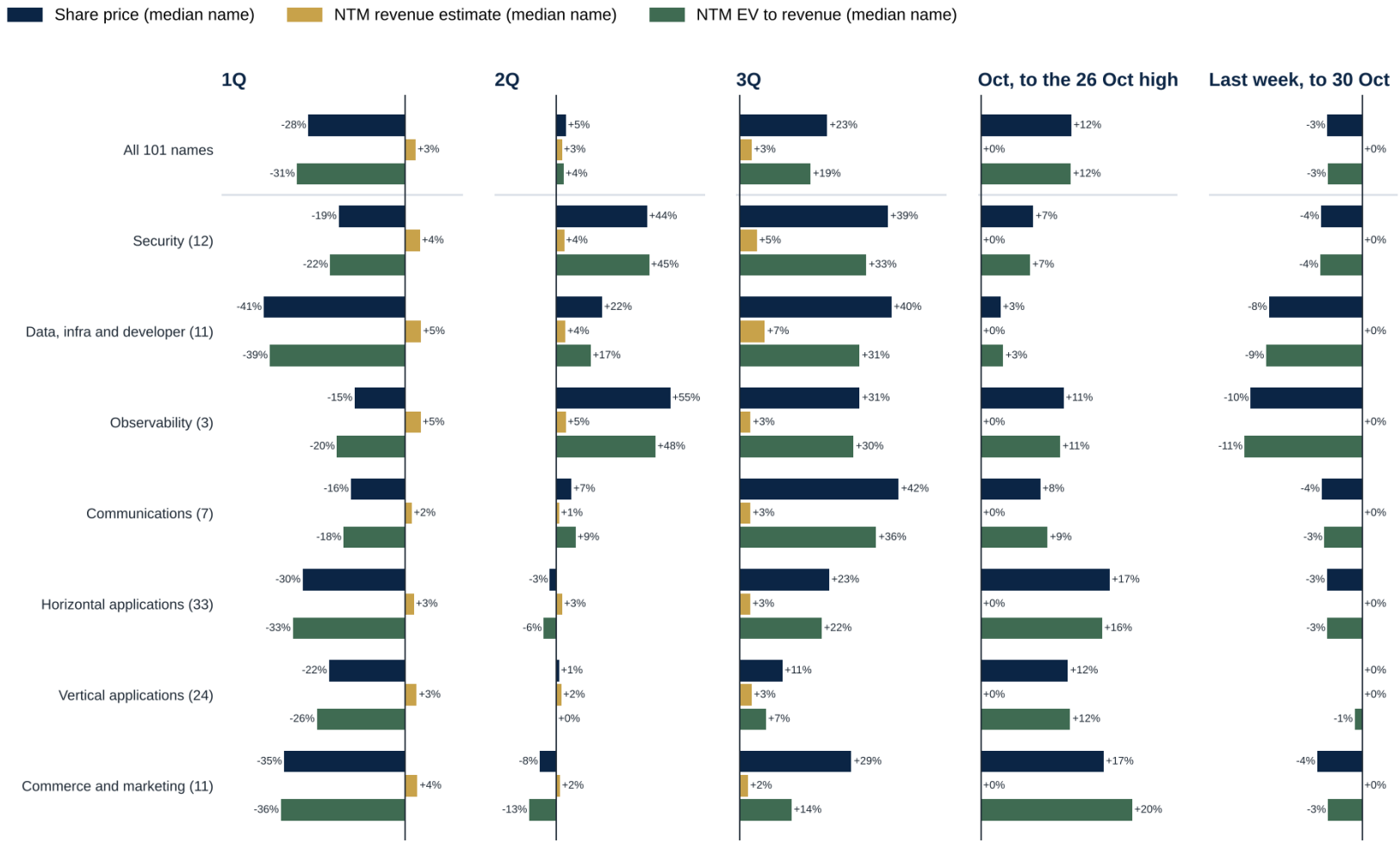
Almost all of the application recovery has come since June: the three sub-sectors had 2 names above December at 30 June and have 20 now.

Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close.

Estimates continued to rise through the earnings season while the share price ended up driving the multiple movements

Median change per name in the share price, the NTM revenue estimate and NTM EV to revenue, by period and sub-sector

1Q: 31 December 2025 to 31 March; 2Q: to 30 June; 3Q: to 30 September; October: 30 September to the 26 October high; last week: 26 October to 30



Key takeaways

1Q was a de-rating against rising numbers: prices fell 15% to 41% by sub-sector while estimates rose 2% to 5%.

2Q split on price: security +44%, observability +55% and data and infrastructure +22%, against -8% to +1% for the application sub-sectors.

3Q lifted everything (prices +11% to +42%). October to the 26 October high was the applications' month: +17% for horizontal and for commerce and marketing.

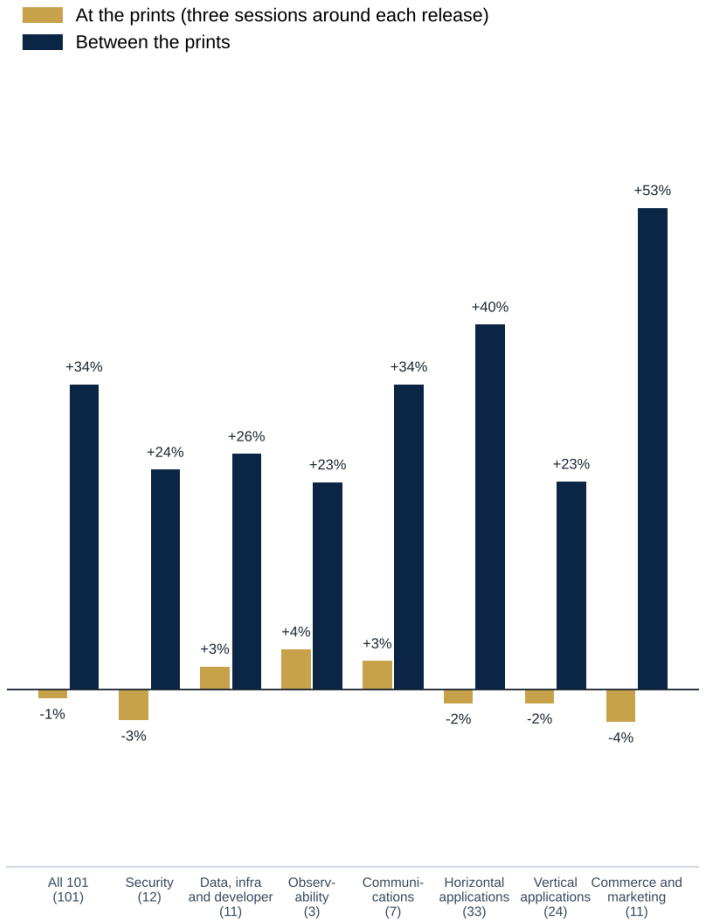
Estimates rose 1% to 7% a quarter to September and were flat in October, as few had reported. Last week took up to 10% off prices.

Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close. Estimates are rolling NTM revenue, so changes include the roll of the forward window. EV also moves with share count, net debt, M&A and FX, so the three medians are not additive.

The re-ratings happened between results, not at the announcements

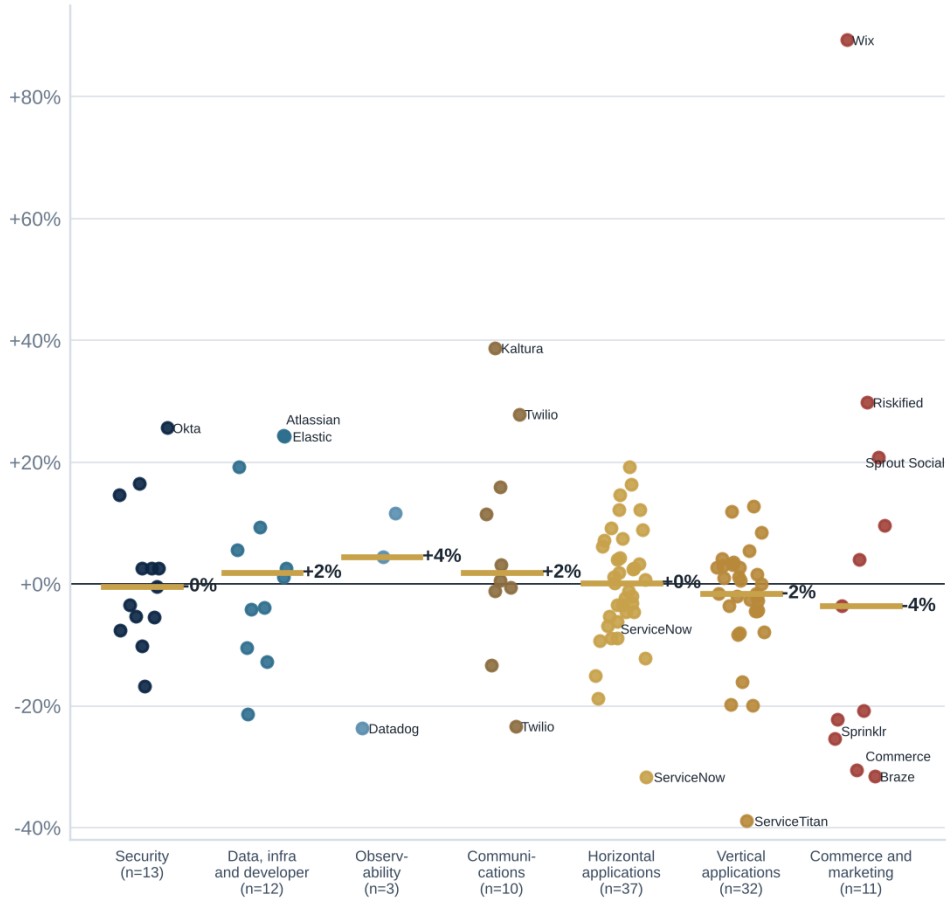
At the prints or between them, by sub-sector

Median per name of the summed three-session moves around each release, and of the rest of the change, 30 June to 30 October 2026



The move around each results release, by sub-sector

Close before the release to close after it; 118 releases by 99 names (n = releases); the gold line is the median; largest moves labelled



Key takeaways

Since 30 June 99 of the 101 names have reported 118 times. 60 results moved the multiple up and 58 down; the median move was +0.1%.

Summed across each name's results the move is -4% to +4% by sub-sector, against +23% to +53% between them.

Observability is the one place where results drove the recovery (+4%; PagerDuty +12%).

Most of the September-quarter season is still ahead, so it will show whether the numbers catch up with the prices.

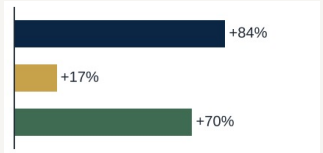
Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close.

The 25 biggest gainers since December

GEMFIELD PARTNERS

The type	Median since 31 Dec	Every name: change since 31 Dec (two names a row); the multiple at 31 Dec and 30 Oct	What they share

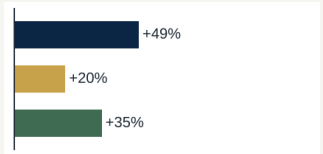
Security: AI raises the threat
8 names; all 8 US



	Price	Est.	Multiple	Dec	Oct		Price	Est.	Multiple	Dec	Oct
okta	+141%	+9%	+136%	4.3x	10.1x	tenable	+116%	+10%	+82%	2.7x	4.9x
CROWDSTRIKE	+114%	+19%	+85%	20.5x	38.0x	paloalto NETWORKS	+99%	+31%	+84%	11.5x	21.1x
Qualys.	+69%	+9%	+57%	5.9x	9.3x	SentinelOne	+68%	+14%	+59%	3.9x	6.2x
rubrik	+62%	+24%	+37%	9.9x	13.6x	CLOUDFLARE	+42%	+27%	+14%	26.7x	30.5x

Management tied demand to frontier AI raising cyber risk. 7 of 8 raised guidance; the multiple did most of the work (+70% against estimates +17%).

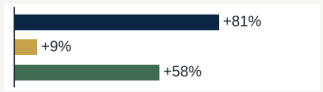
Infrastructure: AI raises usage
8 names; all 8 US



fastly	+127%	+21%	+95%	2.4x	4.7x	DigitalOcean	+86%	+41%	+44%	5.7x	8.2x
DATADOG	+73%	+26%	+43%	11.5x	16.4x	JFrog	+51%	+19%	+35%	11.5x	15.5x
Amplitude	+47%	+18%	+31%	3.4x	4.5x	GitLab	+44%	+12%	+35%	4.8x	6.4x
snowflake	+40%	+31%	+11%	13.4x	14.8x	dynatrace	+33%	+14%	+16%	5.6x	6.5x

Mostly consumption models, some moving to usage pricing, that bill for the workloads AI creates (inference, logs, binaries, data). Estimates +20%, the most of any type; 8 of 8 raised guidance.

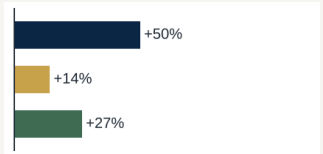
Communications: voice AI
3 names; all 3 US



RingCentral	+182%	+6%	+98%	1.5x	2.9x	Five9	+81%	+9%	+58%	1.4x	2.2x
twilio	+44%	+23%	+19%	3.8x	4.5x						

Voice platforms priced for seat losses showed AI agents adding paid traffic. They started from the lowest multiples (1.5x in December).

Cheap base, growth re-accelerates
6 names; 5 US, 1 Europe

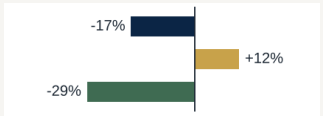
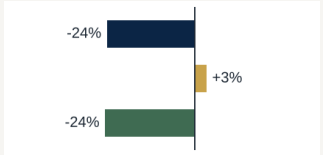
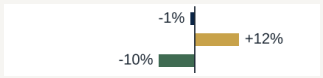


riskified	+72%	+18%	+70%	1.3x	2.2x	paycom	+66%	+5%	+41%	3.9x	5.4x
TXT	+55%	+15%	+19%	1.3x	1.5x	box	+45%	+9%	+26%	3.9x	4.9x
Veeva	+40%	+13%	+28%	8.7x	11.2x	appian	+39%	+16%	+15%	3.5x	4.1x

Growth picked up for each name's own reason (payroll, fraud prevention, content, low-code, life-sciences CRM, defence IT). Down 16% to 30 June, +73% since.

Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close. Gainers ranked on share price since 31 December; cohort selected at the 22 October close and repriced at 30 October (Dynatrace, now 26th, kept over Braze, 25th, by 0.3 points). Types are thematic and differ from the seven sub-sectors on pages 3 to 8.

The reasons driving some of the major decliners

The type	Median since 31 Dec	Every name: change since 31 Dec, three names a row	What they share
AI-substitution discount 7 names; all 7 US		Figma -42% +33% -56%; DISCO -32% +12% -42%; Adobe -29% +9% -38%; Trimble -17% +8% -23%; UiPath -16% +9% -27%; AUTODESK -16% +13% -27%; Unity -15% +21% -29%	All 7 raised guidance and estimates are +12%, but the multiple is -29%: the market is pricing the risk that AI shrinks the category later.
Growing, but the guide slows 6 names; all 6 US		monday.com -35% +11% -52%; ServiceTitan -21% +15% -31%; GUIDEWIRE -19% +17% -33%; asana -18% +7% -23%; MongoDB. -16% +18% -31%; bill -11% +10% -27%	Beat, but guided to slower growth and were sold on the print. Estimates +13%, multiple -31%.
Company-specific setbacks 22 names; 11 US, 11 Europe		DOMO -63% -2% -39%; zoominfo -57% -6% -39%; innoscripta -43% +11% -49%; HubSpot -41% +13% -52%; BLACKLINE -39% +8% -42%; klaviyo -38% +18% -53%; GBG -38% -1% -33%; Vusion -34% 0% -30%; F-Secure -27% +3% -24%; LECTRA -27% -3% -22%; WIX -26% +7% -29%; Alfa -21% +4% -24%; Commerce -20% -5% -17%; NEMETSCHEK GROUP -19% +24% -35%; sprinklr -12% 0% -22%; C3.ai -12% -28% +42%; kaltura -12% +5% -1%; RaySearch Laboratories -11% +3% -15%; XT -11% -4% -15%; AMADEUS -10% +3% -13%; gpi -5% +2% +2%; temenos -1% +11% -13%	The one type where the numbers stalled (estimates +3%): a cut guide (5), a margin or cash reset (6), demand, deals or a customer (8) or a corporate event (3). Half are European
Recent drops: slipped below December since 22 October 4 names; 2 US, 2 Europe		servicenow -31% +23% -41%; shopify -2% +27% -24%; VITEC 0% +1% +5%; quadient 0% -7% +5%	ServiceNow fell on its 28 October results (-31% on December); Shopify, Vitec and Quadient are within 2%.

Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close. The 49 names with share prices below 31 December 2025; 45 of them also have lower multiples (56 names in all are below their December multiple). The 10 names with sound numbers not yet re-rated are not shown.

From earnings calls: what separates the two sides is accelerating demand and raised guidance – less of focus of impact of AI native products

	Totals		Top 25 gainers, by type				Names below Dec 2025 levels		
	All top 25 gainers	All 49 below Dec. share price	Security: AI raises the threat	Infrastructure: AI raises usage	Comms: voice AI	Cheap base, growth re-accelerates	Company-specific setbacks	AI-substitution discount	Beat, but guided slower
Names	**25**	**49**	8	8	3	6	22	7	6
Share price	**+66%**	**-16%**	+84%	+49%	+81%	+50%	-24%	-17%	-19%
NTM revenue estimate	**+16%**	**+8%**	+17%	+20%	+9%	+14%	+3%	+12%	+13%
NTM EV to revenue	**+41%**	**-24%**	+70%	+35%	+58%	+27%	-24%	-29%	-31%
Multiple at December	**4.3x**	**4.8x**	7.9x	5.6x	1.5x	3.7x	3.5x	5.6x	6.7x
Price to 30 June	**+16%**	**-34%**	+41%	+31%	+35%	-16%	-33%	-35%	-36%
Price since 30 June	**+48%**	**+29%**	+43%	+23%	+70%	+73%	+11%	+27%	+32%
Demand accelerating	**92%**	**11%**	88%	88%	100%	100%	0%	29%	17%
Guidance raised	**96%**	**42%**	88%	100%	100%	100%	14%	100%	33%
Guidance cut or held	**0%**	**42%**	0%	0%	0%	0%	73%	0%	33%
AI monetisation with numbers	**32%**	**29%**	38%	38%	67%	0%	18%	43%	50%
Margin expanding	**60%**	**60%**	50%	62%	67%	67%	45%	43%	100%
Margin compressing	**4%**	**24%**	0%	12%	0%	0%	45%	14%	0%
Pricing model change	**56%**	**58%**	62%	50%	67%	50%	41%	100%	67%
Last print, multiple move	**+3%**	**-3%**	+3%	-1%	-1%	+10%	-1%	-3%	-17%

Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close

Key takeaways

Two things on the calls separate the sides: accelerating demand (92% of gainers against 11% of names below December) and raised guidance (96% against 42%). No gainer cut or held its guide.

The numbers followed: estimates +16% against +8%. The losers did not start out cheaper: 4.8x in December against 4.3x for the gainers.

What does not separate them: quantifying AI revenue, ARR or run rate (32% against 29%), expanding margins (60% each) or a change of pricing model (56% against 58%).

So far share prices have tracked AI showing up in overall demand, not AI products on the price list. The AI-substitution names are the exception: all 7 raised guidance and estimates are +12%, yet the multiple is -29%.

What to watch as the September-quarter results come in

The sound-numbers names 10 names have shown steady growth, rising estimates (+9%) and, for 7 of them, raised guidance, yet still trade well below December (multiple -18%). Can their valuations recover?

The AI-substitution names All 7 raised guidance and estimates are +12%, yet the multiple is -29%. Can commercial momentum or new products flip the narrative and move the multiple?

The gainers that ran ahead Okta, Tenable and CrowdStrike re-rated furthest ahead of their estimates. Can their results keep pace with the expectations around them being net AI driven winners

The application software names They only started catching up in 3Q and just 20 of 68 are above December. It will be interesting to see whether the catch-up continues through the season.

Source: Company multiples from market data feeds, publicly available information and Gemfield Partners analysis. Priced at the 30 October 2026 close.

Disclaimer

This report (the "Report") has been prepared by Gemfield Partners for general informational purposes only in connection with market trends. It is illustrative in nature, does not purport to be comprehensive and should not be relied upon as the basis for any contract, commitment, investment decision or other transaction. This Report does not constitute, or form part of, an offer or solicitation to buy, sell, issue or subscribe for any securities.

The information contained in this Report has been obtained from public sources, third-party databases and Gemfield Partners' own analysis and is believed to be reliable, but has not been independently verified. Any opinions, estimates, forecasts or other forward-looking statements reflect Gemfield Partners' judgement as at the date of this Report, involve known and unknown risks and uncertainties, and may change without notice. Actual outcomes may differ materially. No representation, warranty or undertaking, express or implied, is made as to the accuracy, completeness, fairness or reasonableness of the information or opinions contained herein, and, to the fullest extent permitted by law, Gemfield Partners and its directors, officers, employees and agents accept no liability for any use of, or reliance on, this Report.

This Report is not tax, legal, accounting or investment advice, nor a recommendation with respect to any security, strategy or transaction. Recipients should make their own independent assessment and seek advice from their own professional advisers. Gemfield Partners may provide, or seek to provide, advisory services to companies, investors or transactions mentioned in this Report. This Report is confidential, may not be reproduced or distributed without Gemfield Partners' prior written consent and may be subject to legal or regulatory restrictions in certain jurisdictions.

©2026 Gemfield Partners. Proprietary and Confidential. All Rights Reserved.