The SaaS Exit Playbook

What moves the multiple, and how to keep it through diligence

Cross-border sell-side M&A and debt advisory

Miami - Lisbon - Madrid

Same revenue, very different price

Building a valuable company creates choices, including the opportunity to sell when the timing and terms are right. But once acquisition conversations begin, the value of everything you built can come down to how a buyer reads a handful of numbers and risks. **This guide will help you understand what matters most and why, so you can exit on your terms.**

CONTENTS

HOW TO USE THIS PLAYBOOK

1. **Each factor contains its own deep dive**: what it is, why it matters, how a buyer reads it, how to improve it, and what's the benchmark.
2. **Score yourself on the L40° Exit Scorecard** to know where you are at. Understanding your strengths and weaknesses will help you craft your equity story but also to know where to work to achieve a successful exit at the right multiple.
3. **Part II contains a diligence checklist that protects the multiple** you earned in Part I. Preparing in advance will help you avoid any nasty surprises during a sell-side process.

Every business has its particularities. Actively exploring an exit? **Let's talk.**

[Contact an advisor]

2026 rewards metrics, AI resilience, and a robust process

"**The market has not cooled for high-quality SaaS, it has simply become far more discerning**, and growth at any cost no longer satisfies the bar buyers now set. With more than **$2.5 trillion of private equity dry powder available** and **global M&A deal value rising by approximately 40% in 2025**, **capital remains abundant**. In 2026, however, **the businesses commanding real attention are those pairing profitable, durable growth with resilience to AI**, because those are the qualities acquirers are willing to pay a premium for.

What AI is really doing is sorting the market, widening the distance between software that is easy to replace and software that is deeply embedded in its customers' workflows, and that distinction is now showing up directly in M&A outcomes, with **one in five strategic dealmakers has reportedly walked away from a transaction because of AI-related concerns**. **Horizontal, easily substitutable tools have suffered most**, selling at low revenue multiples or not selling at all, **while mission-critical software has largely held its ground**.

If your business is genuinely sticky and protected, whether by first-party data, network effects, vertical specialization, regulatory complexity, or even a service or hardware layer that an AI model cannot replicate, **you will likely find liquidity in an exit process**.

Yet even on the right side of that line, **what separates a good outcome from a great one is rarely the business alone, it is the preparation around it**: knowing your metrics, building an equity story that puts your strengths front and center while getting ahead of the risks a buyer will inevitably probe, and having access to the right buyers so that competitive tension can be created. None of that happens by accident, and it is precisely where the right experience and relationships make the difference."

Manuel Amor - Partner

Manuel Amor
Partner, L40°

Rafael Werner
Sr Analyst, L40°

Executive Summary

What moves the multiple, and how to protect it once a process begins

Growth & Retention

How big you are, how fast you're growing, and how much of that revenue sticks without new sales. Buyers pay a premium once growth compounds through retention rather than just fresh spend.

Profitability & Efficiency

Monitor your Rule of 40, your EBITDA margin and your CAC payback to see if your growth is real and sustainable or simply bought. Profitable growth is more valuable nowadays than growth at all cost.

Revenue Risk & Structure

Customer concentration, contract terms, and how much of revenue is software versus services. These structural factors quietly cap the price even when headline metrics look strong.

Competitive Moat & Market

Market size and what makes you hard to replace, including how AI affects your defensibility. The businesses AI can't easily replace are the ones commanding real premiums.

Deal & Exit Readiness

Financial, legal, people and process readiness for a sale. Preparation here decides whether a good business also becomes a smooth, well-priced exit.

PART I

What moves the multiple

The factors buyers pay for, in five value dimensions.

DIMENSION 1

Growth & Retention

L40°

Revenue / ARR scale

WHAT IT IS

The absolute size of your recurring revenue base, the figure a buyer applies a multiple to, and the first filter on who can even look at you.

WHY IT MATTERS

Scale is a value driver in its own right, not just a bigger version of the same business. Larger companies are generally harder to disrupt, easier to finance, and reach a wider set of buyers, which means more competition in a process and a higher potential exit multiple. The same business is simply worth more per dollar of revenue once it crosses certain thresholds, so scale quietly re-rates everything else you have built.

HOW A BUYER READS IT

Each Revenue / ARR threshold unlocks a new tier of acquirers. At $1–3M ARR, the most likely buyers are individual buyers and search funds, alongside serial acquirers and permanent-capital holdcos. As ARR moves above c.$3M, PE-backed strategics and a broader set of strategic acquirers become increasingly relevant. Above $10M ARR, larger financial sponsors and a wider net of strategics enter, making the process more competitive. There is a strong correlation between size and multiple for the same type of companies.

HOW TO IMPROVE IT

Focus on ensuring your current growth is efficient and durable rather than focusing on growth at all costs. Don't overlook inorganic growth as a lever for growth. It can often be more effective than growing organically.

WATCH OUT

Size without retention or efficiency is volume, not value. Buyers discount a large but leaky base, and a flat year at scale reads worse than steady growth below it.

UNIVERSE OF POTENTIAL BUYERS

BUYER TYPE	TARGET SIZE (ARR)
Individual buyers & search funds	**$1–3M**
Serial acquirers / permanent-capital holdcos	**$1–10M**
Strategic acquirers, tuck-in (incl. PE-backed platforms)	**$3–30M**
Lower-mid-market private equity	**$10–50M**
Large strategic acquirers	**$50M+**
Large-cap private equity / megafunds	**$50M+**

L40° VIEW

Scale affects materially who will be on your long-list of potential buyers. Each threshold you cross changes who will engage in a sell-side process.

Ignacio Villanueva · Partner

Revenue / ARR growth

WHAT IT IS

Year-over-year growth in revenue or ARR, split between what is organic growth and what was acquired (if applicable).

WHY IT MATTERS

Historically, together with size, growth was the single largest driver of the exit multiple, allowing companies to sell on multiples of revenue instead of EBITDA. It still is, but the market now wants growth that is efficient, not growth bought at any cost. Efficient growth is what survives a downturn and compounds in value, because it does not depend on the next funding round. The premium now goes to founders who can show good growth and sustainable unit economics behind it.

HOW A BUYER READS IT

Buyers look at the growth rate, the trend, and factors behind it. A decelerating growth can raise more questions than a slightly lower but stable one, because they pay for direction as much as level. Buyers read growth and efficiency side by side: a clean 25% YoY growth with healthy unit economics can beat a 50% YoY growth with heavy cash burn.

HOW TO IMPROVE IT

Lean on the compounding levers. Focus on improving gross and net revenue retention with efficient new-logo acquisition, rather than one-off pushes. Show several quarters of consistent, efficient growth before you go to market.

WATCH OUT

Growth funded by cash burn, or a sharp deceleration into a process, both invite scrutiny and reprice the deal downward.

QUALITY OF GROWTH

GROWTH TIER	ARR GROWTH YOY
Hypergrowth	100%+
High growth	50–100%
Strong / healthy	30–50%
Moderate	15–30%
Slow / mature	<15%

L40° VIEW

Buyers now read growth and efficiency together. A clean 25% beats a bought 40%.

Manuel Amor · Partner

Net revenue retention (NRR)

WHAT IT IS

The percentage of recurring revenue kept and grown from existing customers over 12 months, before adding any new customer logos.

WHY IT MATTERS

NRR is the closest thing to whether customers value what you sell. Above 100% the base grows on its own, so you keep growing even if new sales slow, exactly the kind of growth that survives a tough year.

HOW A BUYER READS IT

One of the first numbers a buyer asks for, and amongst the ones they trust most because it is hard to fake. High NRR lets them underwrite a higher forward with less risk. They also verify the NRR by cohorts, to ensure a homogeneous behavior across the whole customer base. **Typically, a buyer expects to see NRR above 100–110%; however, this varies depending on customer type, revenue model and industry**. SaaS businesses focused on SMEs will typically show lower NRR, as their customer bases are generally less sticky and more exposed to involuntary churn.

HOW TO IMPROVE IT

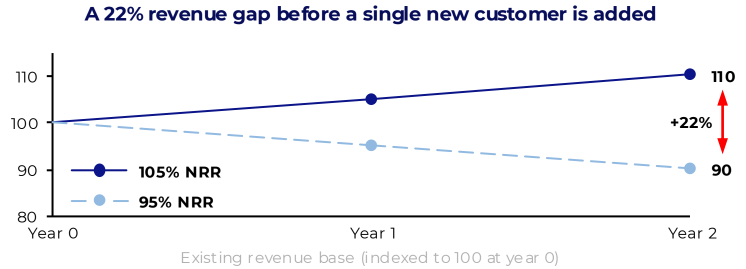
Build expansion into the model: usage or seat-based pricing, packaging with room to upsell. Incentivize your customer success team with NRR-related goals. Cut leaks, downgrades and avoidable churn before chasing new upsells.

WATCH OUT

A blended NRR above 110% can hide a weak segment carried by a few expanding accounts. That is concentration risk wearing a retention costume.

(Start MRR + Expansion − Contraction − Churn) ÷ Start MRR

COMPOUNDING EFFECT OF NRR



L40° VIEW

A business at 120% NRR more than doubles its revenue from the existing customer base every four years. Buyers pay a premium for companies with a strong NRR, as the growth is already in the book.

Carlos Muñoz · Senior Associate

Gross revenue retention (GRR)

WHAT IT IS
Recurring revenue retained over 12 months before any expansion, isolating the effect of churn and downgrades alone.

WHY IT MATTERS
GRR is the floor of the business. NRR can be lifted by a few expanding accounts, but GRR shows how much revenue would survive with no upsell at all, the truest read on stickiness. It therefore captures the underlying health of the recurring revenue base before growth initiatives are considered.

HOW A BUYER READS IT
High GRR means durable revenue and an underwritable forecast, so it now carries more weight than NRR for many buyers. Low GRR signals product or fit problems that no number of new sales will fully offset, and it is priced straight into the multiple. Higher-ACV books retain better, so a serious buyer reads the number by segment, not just as a blend. **A buyer will typically expect a GRR of 90%+, with a higher GRR (95%+ on companies serving large enterprises) and slightly lower (85%+) if the company serves SMEs**.

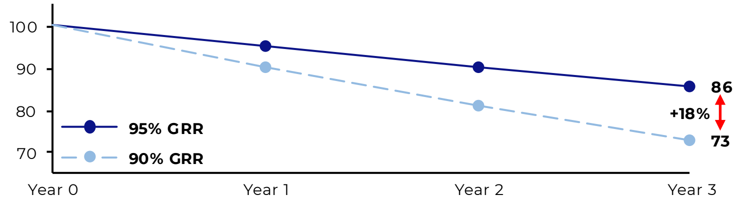
HOW TO IMPROVE IT
Invest in onboarding and time-to-value, run proactive customer success on at-risk accounts, and use multi-year contracts to reduce the monthly / annual decision to leave.

WATCH OUT
A healthy NRR sitting on a weak GRR is a warning, not a strength. Buyers separate the two and price the floor.

(Start ARR − Contraction − Churn) ÷ Start ARR

COMPOUNDING EFFECT OF GRR

Small retention gaps compound into meaningful revenue differences



L40° VIEW

NRR shows the upside. GRR shows the foundation it's built on. A high NRR on a weak GRR is just expansion on some customers masking churn. Buyers price the foundation first, then pay for the upside on top.

Ricardo Sanchez · Senior Associate

Logo retention

WHAT IT IS

The share of customers retained over 12 months, measured by count rather than by revenue.

WHY IT MATTERS

It complements the revenue-based metrics and exposes what they can hide. Comparing logo retention to revenue retention reveals where churn really sits. Strong revenue retention with weak logo retention means you are losing many small customers while a few large ones expand, which is concentration risk building quietly underneath a healthy headline. The two numbers read together tell a buyer whether your growth rests on a broad base or on a handful of accounts.

HOW A BUYER READS IT

The gap between logo and revenue retention is the story. Buyers read them together to find a churning long tail hidden behind a healthy blended number. SMB logo retention sits lower for structural reasons, involuntary churn, closures and budget cuts, which should be explained openly rather than buried, because a buyer will find it in the cohort data anyway.

HOW TO IMPROVE IT

Run segment-specific success motions, and triage honestly which segments are worth retaining and which quietly cost more to serve than they return.

WATCH OUT

A high revenue-retention headline can mask a churning long tail. Always show both numbers, before a buyer asks for both.

Customers retained ÷ Customers at start

BENCHMARK

Best-in-class	**95%+**
Enterprise	**90%+**
SMB	**85–90%**

L40° VIEW

If logo retention is low, the customer base typically concentrates into fewer, larger accounts. Whether that's a deliberate move upmarket or a slow erosion of the foundation, a buyer will want to know which it is

Javier López · Senior Associate

DIMENSION 2

Profitability & Efficiency

Rule of 40

WHAT IT IS

Revenue growth rate plus profit margin, usually EBITDA. Grow 30% at a 15% margin and you score 45 in the Rule of 40.

WHY IT MATTERS

The cleanest single test of whether growth is healthy or simply bought. Anyone can grow by burning cash, and anyone can be profitable by starving growth; the Rule of 40 insists the two add up to a sustainable number. A credible 40 now opens exit doors that pure growth no longer does unless you are an early-stage company.

HOW A BUYER READS IT

Near the top of both strategic and sponsor screens, used as a quick quality filter. If you are above the Rule of 40 then you are in the conversation for a premium multiple; sit well below it and a buyer assumes either the growth is fragile or the unit economics are broken. The bar is real, only about one in five public SaaS names cleared 40 in late 2025, so a private company that does stands out.

HOW TO IMPROVE IT

Strengthen the weaker half without harming the other, and show the trend, not just the snapshot. A score climbing toward 40 will cause a much better impression than sharing a standalone number.

WATCH OUT

A score lifted by a pre-process margin jump can read as window-dressing. Make sure to explain why those changes are sustainable over time.

Revenue growth % + Profit margin %
(EBITDA or FCF margin)

BENCHMARK

Excellent	**>60%**
Strong	**40–60%**
Acceptable	**20–40%**
Concern	**<20%**

L40° VIEW

Lately we advise founders to clear the Rule of 40 with at least 10% EBITDA margin. Growth matters, but going to market having proved you can grow profitably is what justifies a premium valuation.

Juan Ignacio García · Partner

Gross margin

WHAT IT IS

Revenue minus the cost of delivering it: hosting, support, third-party fees, and increasingly AI tokens / credits.

WHY IT MATTERS

Gross margin sets the ceiling on profitability and on how much of each new dollar of revenue turns into value for an owner. It is also where AI quietly shows up, through compute cost, which is why buyers now treat it as a live metric rather than a settled one. A high, stable subscription margin is one of the clearest signals that you have genuine software economics rather than a services business in software clothing.

HOW A BUYER READS IT

High gross margin signals software economics that scale; low margin points to a services or infrastructure-heavy model and gets valued closer to those businesses. Buyers increasingly ask where margin lands once AI features are fully loaded, because AI-core products tend to run a few points lower from compute, and they want that answer before diligence, not during it.

HOW TO IMPROVE IT

Drive infrastructure efficiency, reduce the services share of revenue, and manage AI and compute costs deliberately. Shift to a usage-based pricing model so that rising COGS don't eat into your gross margin.

WATCH OUT

Margin quietly eroding from new AI features is quite common nowadays. LLM tokens are subsidized today but will get more expensive, so track each feature's unit economics and adjust pricing accordingly.

(Revenue − COGS) ÷ Revenue
COGS incl. hosting, support, AI compute

BENCHMARK

Excellent	>90%
Strong	80–90%
Acceptable	70–80%
Concern	<70%

L40° VIEW

> *AI providers are pricing tokens below cost to win the market, and that won't hold. Build so you can switch providers and pass cost through, because the worst place to be at exit is captive to a price you don't set.*
>
> **Manuel Amor · Partner**

EBITDA margin

WHAT IT IS

EBITDA margin is the share of revenue left as operating profit after all operating costs, before interest, tax, depreciation and amortization. It is the standard proxy for core profitability.

WHY IT MATTERS

Since 2022, profitability has shifted from optional to necessary for most companies to exit successfully. A healthy EBITDA margin widens the buyer universe and changes your negotiating position: a profitable company can wait for the right deal rather than depend on the next raise. That optionality is itself worth a premium, because it removes the pressure a buyer would otherwise price against you.

HOW A BUYER READS IT

Buyers want a margin that is real and sustainable. They check that it is not inflated, for example through capitalized expenses, and how much of it converts to cash. Anything that looks like a pre-process cost cut might get normalized straight back out if not properly justified, so a margin held for several quarters is worth far more than one that just appeared.

HOW TO IMPROVE IT

Improve in order of cleanliness: pricing discipline first, then gross-margin gains, then operating leverage. Build margin you can defend rather than stage.

WATCH OUT

A strong EBITDA that doesn't convert to cash gets questioned. Items such as Capex and capitalized R&D sit below the line, so the margin can look fine while little of it reaches the bank.

EBITDA ÷ Revenue

EBITDA = Earning before interest, taxes, depreciation, and amortization

BENCHMARK

Excellent	>40%
Strong	20–40%
Acceptable	10–20%
Concern	<10%

L40° VIEW

When you need to lift your Rule of 40, margin is usually the most realistic lever, whether through pricing optimization or cost discipline. The test a buyer will apply is whether those improvements are structural.

Pablo Lamarca · Senior Analyst

CAC

WHAT IT IS
The total sales and marketing cost required to acquire one new customer.

WHY IT MATTERS
It measures how efficiently your growth strategy converts spend into new customers. Rising CAC means growth is becoming more expensive to buy, while flat or falling CAC as volume grows indicates the go-to-market motion is scaling efficiently rather than relying on additional spend. The metric matters because higher CAC requires more capital to sustain growth, while lower CAC improves the efficiency of every growth dollar.

HOW A BUYER READS IT
Buyers rarely evaluate CAC in isolation. They assess it alongside customer value, retention and gross margin to determine whether the economics generated by each customer justify the cost of acquiring them. A higher CAC can still be attractive when it supports larger contracts, stronger retention or more durable revenue.

HOW TO IMPROVE IT
Improve CAC efficiency by focusing spend on the highest-converting ICPs and shifting acquisition toward scalable, lower-cost channels. Increasing funnel conversion and keeping sales growth disciplined helps drive more customers from the same spend.

WATCH OUT
Fully-loaded CAC includes all sales and marketing costs, including reps, marketing spend, tools, and overhead. Excluding these costs understates CAC, and buyers will adjust for the true acquisition cost during diligence.

Total Sales & Marketing Spend ÷ New Customers Acquired

BENCHMARK

Stable or falling CAC as you scale, spread across several channels	**Excellent**
Stable CAC with efficient payback as the business grows	**Strong**
Rising CAC, but justified by rising customer value (e.g. higher LTV)	**Acceptable**
Rising CAC, or heavily dependent on a single acquisition channel	**Concern**

L40° VIEW

CAC is only efficient when the customers acquired generate enough value to justify the spend. A lower CAC is not always better if it comes at the expense of growth or customer quality.

Pablo Lamarca · Senior Analyst

CAC payback

WHAT IT IS

The number of months of gross margin it takes to recover the cost of acquiring a customer.

WHY IT MATTERS

It measures how efficient and capital-intensive your growth engine is, and how much cash growth consumes along the way. Short payback means growth largely self-funds and you can accelerate without raising; long payback ties up capital and caps how fast you can grow without burning it. The difference is massive in practice: a six-month payback recycles the same dollar twice a year, while a two-year payback locks it up, which is why buyers read it as the price of your growth.

HOW A BUYER READS IT

Under 12 months is considered efficient for B2B SaaS. Buyers look at it by acquisition channel, not blended, and they pair it with other metrics such as LTV/CAC, GRR and NRR to check that the customers you pay for actually stay and expand. They also read it together with channel diversification: a strong payback built entirely on one acquisition channel is a risk.

HOW TO IMPROVE IT

Lift NRR so the base compounds, tighten ICP focus, review pricing periodically, and rebalance spend toward the channels with the shortest, most reliable payback and LTV.

WATCH OUT

A blended payback can hide one segment subsidizing another. Buyers separate them in diligence, so do it first yourself.

CAC ÷ (New MRR × Gross margin %)

BENCHMARK

< 7 months	**Excellent**
7–12 months	**Strong**
13–24 months	**Acceptable**
> 24 months	**Concern**

L40° VIEW

Payback is the one metric that sets the speed limit on growth. It is how many months pass before one customer pays for the next. When capital is expensive, the company with the faster payback wins.

Javier López · Senior Associate

LTV/CAC

WHAT IT IS

LTV/CAC compares the gross-margin lifetime value of a customer to what it costs to acquire one. It is the clearest test of whether the unit economics of growth actually work.

WHY IT MATTERS

It shows whether growth creates or destroys value. A ratio below 1x means each customer costs more than it returns. A healthy ratio (ideally above 3x) means the company can spend to grow with confidence, which supports both the growth story and the case for investing more after close.

HOW A BUYER READS IT

Buyers check the inputs, not just the ratio. LTV rests on retention and gross margin, so a high number built on optimistic churn gets rebuilt with realistic assumptions. They read it by segment and cohort, and pair it with CAC payback, because a strong ratio with a long payback still strains cash.

HOW TO IMPROVE IT

On LTV: move customers to annual or multi-year contracts, add expansion through upsell and usage-based pricing, and attack churn at onboarding. On CAC: tighten ICP targeting to stop wasting spend, lift sales conversion and shorten the cycle, and shift weight toward referral and product-led channels that acquire at lower cost.

WATCH OUT

A very high ratio is not always a good sign. Above 10x usually means underinvesting in growth. Also, the whole LTV number is only as credible as the churn assumption behind it.

LTV ÷ CAC
LTV = (ARPA × Gross Margin %) ÷ Churn

BENCHMARK

8–10x	**Excellent**
5–8x	**Strong**
3–5x	**Acceptable**
<3x	**Concern**

L40° VIEW

LTV/CAC is one of the most quoted metrics and one of the least proven. If a company is young enough to be growing quickly, the lifetime hasn't happened yet, so the ratio is really a bet on future retention dressed up as a fact.

Rafael Werner · Senior Analyst

Revenue per employee

WHAT IT IS

Annual revenue divided by full-time headcount, a direct read on how much output the organization produces per person.

WHY IT MATTERS

A clear signal of operational efficiency, and increasingly a signal of how well a company uses automation and AI to do more with less. In the AI era it is becoming a headline efficiency number in its own right, because it captures in one figure whether technology is replacing cost or simply adding to it. A lean, high-output organization also has margin headroom a buyer can see and underwrite.

HOW A BUYER READS IT

High revenue per employee suggests a lean, scalable organization with room in the model; low values prompt questions about org bloat or delivery intensity. The figure rises naturally with scale, so buyers read it against peers of similar size and stage rather than as an absolute, and they look at the trend to see whether efficiency is improving as you grow.

HOW TO IMPROVE IT

Invest in automation and AI-assisted workflows, and tie hiring directly to output rather than to headcount targets or vanity growth in team size.

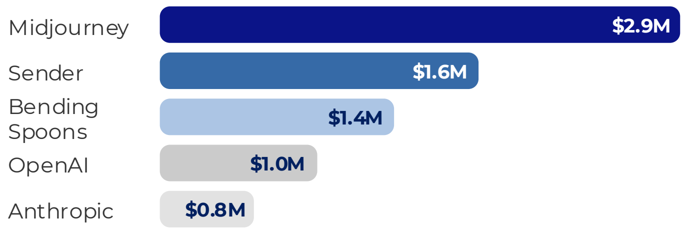
WATCH OUT

Cutting headcount just before a process is hard to explain and often reads as a risk rather than efficiency. Make any headcount changes well ahead of time, so the business can show it runs as usual on a leaner structure.

Annual revenue ÷ Full-time employees

BENCHMARK

Revenue per employee (1)



L40° VIEW

Revenue per employee is one of the metrics that AI is impacting the most. The old benchmarks assumed a person behind every function. This is no longer the case, with AI-native teams achieve significant efficiencies on this regard.

Manuel Amor · Partner

Note: (1) Revenues from 2023/2024
Source: Dealroom.com

DIMENSION 3

Revenue Risk & Structure

Customer concentration

WHAT IT IS
How much of your revenue comes from your largest customers, measured both individually and as a top-ten share.

WHY IT MATTERS
Concentration is risk, plain and simple. A buyer has to underwrite what happens if a top account leaves the year after they buy, so concentration is the risk that quietly caps your price even when everything else looks strong. It also changes deal structure: high concentration often drives escrow, holdbacks, or earnouts that move proceeds out of your control and into a contingent future you no longer own.

HOW A BUYER READS IT
Buyers typically look at the top-10 customers first. Any single customer above roughly 10% of revenue is a red flag, and the higher the concentration among top customers, the more protective the structure they propose if they decide to move forward. They also map hidden concentration, where several apparently separate customers share a parent company or a single decision-maker. This will surface in diligence regardless of how the account list is labeled.

HOW TO IMPROVE IT
Focus deliberately on diversifying your customer base. Mitigate concentration risks by locking your largest accounts into longer, assignable, multi-year terms so the underwriting risk is lower.

WATCH OUT
Hidden concentration through a shared parent company will surface in diligence. Map it yourself first, before a buyer does it for you.

Top customer ARR ÷ Total ARR
(and top-3, top-5 or top-10 share)

BENCHMARK (TOP-10 CUSTOMERS)

Excellent	**<10%**
Strong	**10–20%**
Acceptable	**20–35%**
Concern	**>35%**

L40° VIEW

A large early customer is often what gets a company off the ground, and there is nothing wrong with that. The risk is building the whole business around them.

Ignacio Villanueva · Partner

Contract length & change of control

WHAT IT IS

Contract duration, auto-renewal, annual-upfront versus monthly billing, and whether contracts survive a change of control.

WHY IT MATTERS

Longer, prepaid contracts that hold through a change of ownership make revenue more resilient. Reviewing change-of-control terms is a must before any process, because the risk is high enough to derail a deal. A base full of change-of-control or non-assignable clauses is hard to fix once you are in diligence, since it means going back to every customer for consent at exactly the moment you least want to signal a sale.

HOW A BUYER READS IT

Most mid-market deals are share deals, so buyers first check whether key contracts carry change-of-control clauses that let customers renegotiate or exit when ownership changes. They also evaluate contract lengths and the share of multi-year vs monthly/annual contracts, with multi-year contracts and automatic price increases viewed as positive indicators of revenue durability. A month-to-month base, or a stack of change-of-control clauses, can stall or derail a deal.

HOW TO IMPROVE IT

Incentivize annual and multi-year commitments in how you sell, and review change-of-control and assignability clauses across the whole base well before a process starts.

WATCH OUT

A month-to-month contract base, or contracts that let customers exit on a change of control.

WHAT GOOD LOOKS LIKE

- Multi-year contracts with automatic price increases
- Annual or upfront billing
- Clean change-of-control assignability

HOW BUYERS GRADE IT

WEAKER		STRONGER
Monthly renewal, change of control clauses	Annual, auto-renew	Multi-year with price adjustment, no change of control

L40° VIEW

We have seen customers use a change-of-control clause to renegotiate pricing or terms right when the seller has the least room to push back.

Carlos Muñoz · Senior Associate

Software vs Services mix

WHAT IT IS

The split between recurring software revenue and one-off or project-based services revenue, such as implementation, customization, and consulting.

WHY IT MATTERS

Software revenue is recurring, high-margin, and scalable. Services revenue is people-dependent, lower-margin, and does not compound. A buyer values a dollar of software far more than a dollar of services, so the mix directly drives the multiple. A business that is mostly software is valued as SaaS; one that is half services is valued closer to a consultancy.

HOW A BUYER READS IT

Buyers look at the share of revenue that is true recurring software versus services, and the gross margin of each. They want services to be a minority of revenue and, ideally, a way to land, onboard customers and build more stickiness (e.g. integrations) rather than a profit center on its own. A high services share caps the multiple and raises the question of whether the product really stands on its own.

HOW TO IMPROVE IT

Productize repeatable services, push implementation to partners where you can, and price services to support adoption rather than to carry the P&L. Grow software faster than services so the mix shifts in the right direction over time.

WATCH OUT

Services revenue dilutes margin and the multiple. Growth that comes mostly from services is not valued like software growth.

Services revenue ÷ Total revenue

BENCHMARK

Revenue model	Multiple level
Multi-year recurring contracts	**Highest**
Monthly recurring contracts	**Strong**
Transactional / usage-based	**Moderate**
Perpetual license and services	**Lower**

L40° VIEW

Services are often seen as a drag on the multiple, but if they deepen integration and make the product harder to rip out, they become a moat, especially as AI increasingly commoditizes software.

Javier López · Senior Associate

Source: Aswath Damodaran, updated Jan'26

DIMENSION 4

Competitive Moat & Market

Market size & growth

WHAT IT IS

The size of the market you serve and how fast it is growing, both the slice you can realistically reach and the space around it.

WHY IT MATTERS

Buyers do not only pay for where a business is today, but also for where it can go, and the market sets that ceiling. A large, growing market makes the forward plan credible and leaves room for a buyer to keep compounding revenue after close. A small or flat market caps the story no matter how good the execution, and market growth also shapes who shows up: the buyers who pay the highest multiple concentrate on spaces they believe will still be expanding in five years.

HOW A BUYER READS IT

They look for a credible, bottom-up market size built from real customers and price points, not a top-down number from an online report. They want the growth rate, the structural reasons behind it, and how much room you have left, and they test whether you can expand into adjacent budgets over time.

HOW TO IMPROVE IT

Build the TAM from the bottom up so it survives scrutiny, back the growth drivers with independent data, and map the adjacent segments that extend the runway as you scale. Link the market analysis to your growth strategy so you can tell a believable growth story.

WATCH OUT

An inflated top-down TAM does more harm than good. It signals weak commercial understanding and casts doubt on the true growth potential of the company.

WHAT GOOD LOOKS LIKE

- Large, structurally growing market
- Credible bottom-up sizing
- Clear adjacent expansion path

HOW BUYERS GRADE IT

WEAKER		STRONGER
Capped market Flat growth or shrinking	Mature market (0-5% growth)	Large market Growth above 5-10% yearly

L40° VIEW

A smaller but credible bottom-up TAM, grounded in specific data, beats a big top-down number every time. Buyers fund the market they believe, not the one you assert.

Pablo Lamarca · Senior Analyst

Product fit & target customer

WHAT IT IS

Your core product, the specific customer it is built for, and the entry point: the single, narrow use case that wins that customer in the first place.

WHY IT MATTERS

A sharp product and a clearly defined customer are what separate a feature from a company. Knowing exactly who you serve and why you win is what makes growth repeatable rather than opportunistic, and it is what makes the go-to-market efficient and the forecast believable. Buyers pay for that focus, because a business that tries to be everything to everyone is usually worse at all of it, and that lack of definition reads as risk.

HOW A BUYER READS IT

They look for a clearly defined ideal customer profile and a genuinely differentiated entry point, something a customer chooses you for over the alternatives. They test the positioning through win rates, sales cycles, and who actually buys. An unclear ICP or a scattered feature set reads as a business that has not decided what it is.

HOW TO IMPROVE IT

Sharpen the ICP until it is uncomfortably narrow and let that focus drive the roadmap and the messaging. Resist the feature sprawl that dilutes the story and spreads the team thin.

WATCH OUT

Breadth is not the same as optionality. A long, unfocused feature list or customer base might read as a lack of strategy, not as flexibility.

WHAT GOOD LOOKS LIKE

- Sharply defined ideal customer
- Differentiated entry point
- Focused, coherent product

HOW BUYERS TEST IT

- Win rate against the main alternative
- Churn to competitors (do customers leave for a rival?)
- Share of new revenue that fits the core ICP
- Pricing power: how little you discount to win new customers

L40° VIEW

We tell founders they should be able to say in thirty seconds who they serve and why those customers choose them. If it takes longer, it usually means they are not yet clear on the pain they solve.

Ignacio Villanueva · Partner

Expansion path

WHAT IT IS

How an existing customer grows over time: the land-and-expand motion that turns a first purchase into a larger, multi-product account.

WHY IT MATTERS

Expansion is what makes revenue compound, and compounding revenue is what a buyer underwrites into the multiple, as it is the engine behind net revenue retention. It is the most efficient growth there is, because selling more to a happy customer costs far less than winning a new one. A business whose accounts reliably expand over time is valued as a platform that does not rely on new customer acquisition to keep growing; one whose accounts stay flat is valued as a single, capped line no matter how good the initial sale.

HOW A BUYER READS IT

They look for evidence: pricing power, upsell of new products, and a rising share of wallet. It shows up in accounts that started small and grew, in expansion becoming a larger share of revenue, and in a clear path into adjacent budgets the customer already controls. Cohort data showing accounts expanding over time is the proof they trust most.

HOW TO IMPROVE IT

Build expansion into the revenue model with packaging and pricing that grow with usage, and tie customer success to net retention.

WATCH OUT

A platform story with no evidence behind it is a pitch, not a pattern. Track revenue per customer over time so you can show accounts are genuinely expanding.

WHAT GOOD LOOKS LIKE

- Accounts that grow year over year
- Multiproduct usage
- Expansion-led net revenue retention

HOW BUYERS GRADE IT

WEAKER	STRONGER
Single use case No revenue growth on existing accounts	Land-and-expand engine Cohorts with annual revenue increases

L40° VIEW

Expansion is not only about revenue. The more of a customer's workflow you take on, the more mission-critical you become, and a deeply embedded product is far harder to replace.

Ricardo Sanchez · Senior Associate

Switching costs

WHAT IT IS

What keeps your customers from leaving and your competitors from taking them: the cost, effort, and risk a customer faces to rip you out and move to something else.

WHY IT MATTERS

A moat is what makes revenue durable, and durability is what a buyer underwrites into the forward multiple. The harder you are to replace, the more confidently a buyer assumes your customers will still be there in three or five years. Switching costs come from deep integration, accumulating data, and system-of-record status, and network effects are the strongest form of all.

HOW A BUYER READS IT

They test how costly you are to replace: how deeply you are wired into a customer's workflow and systems, how much proprietary data sits with you, and whether you are the source of truth a team uses daily. This cannot just be told, but has to be reflected on customers' tenure and churn rates, which are the empirical evidence a buyer will trust.

HOW TO IMPROVE IT

Deepen integrations into the customer's stack, expand the data you hold over time, and move toward being the system of record rather than a tool alongside it.

WATCH OUT

A thin moat in a commoditizing category is the hardest weakness to fix late. It has to be built into the product over years, not bolted on before a sale.

WHAT MAKES YOUR COMPANY HARD TO REPLACE

- **Integrations** — wired into the customer's other systems
- **System of record** — the source of truth a team works from
- **Data history** — records and reporting they would lose
- **Embedded workflows** — how the work actually gets done
- **Custom setup** — configuration and logic built for them
- **User habit** — trained teams, real cost to retrain
- **Learning loop** — usage refines the product and model over time

AI resilience & defensibility

WHAT IT IS

Whether AI strengthens or threatens your business, and how defensible you are against a competitor, or a customer's own team, rebuilding your core with off-the-shelf models.

WHY IT MATTERS

This is one of the first questions buyers ask today, *"How is AI impacting your business?"*. As the cost of building software internally falls, the bar to buy rises, so the products that hold their value are the ones genuinely hard to replace.

HOW A BUYER READS IT

They will ask what stops a well-funded competitor, or the customer's own engineers, from rebuilding your core with a foundation model. They look for defensibility a model alone cannot reproduce, and they treat vague AI claims with suspicion. They will test whether the threat is real, for instance by looking at churn: are customers leaving for third-party tools, or replacing you by building their own internally?

HOW TO IMPROVE IT

Defend yourself by owning what a general model cannot copy. Build on the proprietary data and the customer workflows you control, embed deeper into their systems, and take on more of the end-to-end job rather than staying a feature.

WATCH OUT

Calling a product AI-powered without real substance will work against you. It reads as a tell of weakness rather than a strength.

FIVE RISKS TO WATCH IN AN AI WORLD

1. **Thin moat** — a shallow layer over a public model, no proprietary data
2. **Easy to rebuild** — a customer or rival could recreate it quickly
3. **Single-model dependency** — captive to one provider's price and roadmap
4. **Commoditizing fast** — competitors ship the same feature within weeks
5. **Margin squeeze** — compute costs rising faster than you can price

L40° VIEW

As the bar to build internally falls, the bar to buy rises. The most defensible software has vertical depth, proprietary data, and system-of-record status.

Ignacio Villanueva · Partner

Technology & architecture

WHAT IT IS

How the product is built and delivered: cloud versus on-premise, a scalable modern architecture versus a legacy one, and the amount of technical debt under the hood.

WHY IT MATTERS

Architecture is both a value lever and a risk lever. A modern, cloud-delivered, multi-tenant product updates once for everyone and scales without re-engineering, so it is worth more than a hybrid or on-premise one. On-premise software has to be updated customer by customer, and a legacy stack often has to be rebuilt before it can handle more scale. Buyers price these as hidden burdens: they weigh on gross margin and usually need real investment after closing, which is why the delivery model and the state of the stack feed straight into valuation.

HOW A BUYER READS IT

They look at the delivery model, whether the architecture scales cleanly as customers are added, how modern the stack is, open-source license hygiene, and the scale of tech debt. They run technical diligence, so what they find must match your story.

HOW TO IMPROVE IT

Move toward cloud, multi-tenant delivery, document the architecture so an outsider can follow it, and pay down the critical tech debt diligence will surface.

WATCH OUT

On-premise or single-tenant delivery, a legacy stack, or restrictive open-source licenses are classic diligence problems, far cheaper to fix early than to explain late.

WHAT GOOD LOOKS LIKE

- Cloud, multi-tenant delivery
- Scalable, documented architecture
- Low critical tech debt

HOW BUYERS GRADE IT

WEAKER		STRONGER
Legacy, on-premise	Hybrid	Modern, pure cloud

L40° VIEW

Buyers pay up for software that scales without re-engineering. Cloud, multi-tenant, and documented is the baseline now.

Ricardo Sanchez · Senior Associate

Security & compliance

WHAT IT IS

Your security posture and data-protection compliance: certifications, access controls, privacy practices, and how you handle and protect customer data.

WHY IT MATTERS

A strong security posture does two things at once. It removes one of the most common diligence risks, the kind that can stall a deal or trigger a price cut, and for companies selling to larger customers it is a sales enabler in its own right. Enterprise buyers will not sign without certain certifications, so having the right certifications ahead of launching a sell-side process widens your market as well as protecting your value.

HOW A BUYER READS IT

They look for current certifications such as SOC 2 and ISO 27001, documented privacy compliance with GDPR and CCPA, sound access controls, and clean results from recent penetration tests. They read these as a proxy for operational maturity across the business.

HOW TO IMPROVE IT

Obtain the certifications relevant to your market well ahead of a process, since they take months to earn, and close any gaps a buyer's technical diligence would surface.

WATCH OUT

No certifications, or unresolved findings from a recent test, are cheap to fix early and expensive to explain late, especially when an enterprise buyer is asking.

MOST COMMON CERTIFICATIONS FOR ENTERPRISE SOFTWARE (Non-exhaustive)

SECURITY STANDARDS

- **SOC 2 Type II** — the security standard buyers everywhere expect for Enterprise-focused companies
- **ISO 27001** — European-rooted, now increasingly expected globally
- **Cyber Essentials** — common for UK buyers

DATA PRIVACY

- **GDPR** — mandatory for any EU personal data
- **CCPA / CPRA** — California consumer data
- **Data residency / SCCs** — cross-border data transfers

SECTOR-SPECIFIC

- **HIPAA** — US healthcare data
- **FedRAMP** — US public sector

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DIMENSION 5

Deal & Exit Readiness

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Financial readiness

WHAT IT IS

The credibility of your numbers: accrual GAAP accounts, a clean balance sheet, documented revenue recognition, and a sell-side view of earnings prepared before you go to market.

WHY IT MATTERS

Financial quality is the foundation a deal is built on, and weak financials are the most common source of friction in a process. Cash-basis books, or numbers that move between drafts, force a buyer to slow down and question everything. Clean accrual financials and a sell-side quality-of-earnings report do the reverse: they speed diligence, control the narrative on your earnings, and remove the surprises that drive a retrade late in a deal.

HOW A BUYER READS IT

They expect accrual GAAP statements over at least three years, a clean and explainable balance sheet, current filings, and ideally a review or audit. A credible sell-side QoE tells them the numbers will hold, so they start from your figures rather than rebuilding them.

HOW TO IMPROVE IT

Convert to accrual accounting, obtain a review or audit, document revenue recognition, and commission a sell-side QoE before launch so issues are fixed, not negotiated.

WATCH OUT

The surprises a buyer finds in their own diligence, after a price is agreed, are exactly where retrades come from. Find them first.

HAVE THIS READY

- Accrual GAAP statements, 3 years
- Clean, explainable balance sheet
- Revenue recognition documented
- MRR / ARR bridge and cohort data
- Review or audit available
- Sell-side quality-of-earnings report
- Budget vs actuals and forecast

RISKS TO THE PROCESS

- Cash-basis books
- Unexplained balance-sheet items
- Aggressive revenue recognition
- Surprises in the buyer's QoE

People & management

WHAT IT IS

How much the business depends on the founder, the strength of the team beneath them, and whether the wider organization is documented and locked in.

WHY IT MATTERS

A buyer is purchasing a business that has to keep running without the people selling it. The more it depends on the founder in every critical seat, the more key-person risk a buyer underwrites, and that comes straight off the price, or can block a sale if the founder wants to step back after closing. A complete team and a stable, documented organization give a buyer confidence the business will perform through a transition.

HOW A BUYER READS IT

They test whether the company runs without the founder, who owns the key customer relationships, whether there is a real second line of leadership, and who the key employees are. They check that employment and contractor arrangements are clean and that the people who matter are incentivized to stay.

HOW TO IMPROVE IT

Empower a leadership layer and document the key processes, put retention in place for the people the business depends on, and tidy employment and contractor agreements before a process.

WATCH OUT

A founder holding several critical roles at once, or undocumented key relationships, is a concentration risk diligence exposes early.

HAVE THIS READY

- Org chart and key roles documented
- Real second line of leadership
- Succession / key-person plan
- Employment agreements and comp
- Contractor classifications correct
- Retention plans for key staff
- Retention and turnover data

RISKS TO THE PROCESS

- Founder in every critical seat
- No documented succession
- Key staff with no retention
- Misclassified contractors

Tax & legal readiness

WHAT IT IS

The legal and tax housekeeping a buyer's counsel will test: tax registrations, a clean cap table, airtight IP ownership, and current corporate records.

WHY IT MATTERS

This is where late-stage retrades are born. Unregistered sales-tax or VAT exposure, an unclear cap table, or unassigned IP are problems a buyer cannot price around, so they push them into an indemnity, an escrow, or a price cut. The exposure is especially common cross-border, where a company builds up tax obligations in places it never registered. Clean housekeeping removes the openings and keeps the path to close predictable.

HOW A BUYER READS IT

Their lawyers verify the cap table, IP assignments, and corporate consents early, and gaps there set the tone for the rest of diligence. On tax, they look at where you have created nexus, whether you registered and collected, and the size of any historical exposure.

HOW TO IMPROVE IT

Review where your sales create a sales-tax or VAT obligation and register where you should, reconcile and document the cap table, close any open IP assignments, and get corporate records and consents in order well ahead of a process. If you use contractors across several countries, confirm they are correctly classified, with any taxes and reporting in order, so they cannot be reclassified as employees.

WATCH OUT

Never having been audited is not a defense. Buyers price the underlying exposure, not the fact it has not yet surfaced.

HAVE THIS READY

- Nexus study; registered where required
- Single reconciled cap table
- Signed IP assignments (all staff)
- Trademarks and domains registered
- Open-source inventory and licenses
- Incorporation, board docs, consents
- Litigation and insurance in order

RISKS TO THE PROCESS

- Unregistered sales-tax / VAT nexus
- Unassigned or contractor-owned IP
- Undocumented SAFEs or vesting
- Restrictive open-source licenses

Process readiness

WHAT IT IS
The readiness that runs the deal itself: clean, consistent metrics and a complete data room, and a mapped, competitive buyer universe across geographies. This is the part an advisor owns.

WHY IT MATTERS
Even a well-prepared company leaves value on the table if the process is run poorly. A single source of truth and a data room ready before buyers ask keep momentum and deny a buyer the openings that disorganization creates. A process that brings several credible buyers to the table at once builds the tension that moves the multiple. This is where an advisor earns their fee.

HOW A BUYER READS IT
A clean, well-organized data room reads as a proxy for a well-run company, so clear information builds trust before a single number is discussed. Supplying information quickly and completely keeps buyers engaged and the process moving.

HOW TO IMPROVE IT
Run the company as if you might exit tomorrow, even when you are not, so the information is always ready when a buyer asks. A good advisor saves you costly mistakes here: they know what buyers will ask for, how they read and weigh the information, and how to negotiate or push back on the points that matter.

WATCH OUT
Inconsistent data, long delays, or gaps in what you provide all erode confidence fast. Buyers are looking at several deals at once, so if you lose their attention, you can lose the deal.

HAVE THIS READY
- Single source of truth for metrics
- Cohort and segment cuts on request
- Complete, organized data room
- Customer references lined up
- Buyer universe mapped (strategic + sponsor)
- US and European buyers engaged
- Competitive, cross-border process plan

RISKS TO THE PROCESS
- Numbers that change between drafts
- Incomplete or slow data room
- Single-threaded, one buyer type
- No US visibility for EU sellers

SELF-ASSESSMENT

The L40° Exit Scorecard

Tick where you stand on each factor. Boxes run **needs work** (left) to **strong** (right). The benchmark column shows both ends.

FACTOR	NEEDS WORK	STRONG
Revenue / ARR scale	sub-scale	**$100M+ scale**
ARR growth	<15%	**>30% YoY**
Net revenue retention (NRR)	<100%	**>110%**
Gross revenue retention (GRR)	<85%	**90%+**
Logo retention	<85%	**90%+ (ent.)**
Rule of 40	<20	**40 or higher**
Gross margin	<70%	**80%+**
EBITDA margin	<0%	**20%+**
CAC payback	>24 mo	**<12 months**
LTV/CAC	<1x	**3x+**
Revenue per employee	low/bloated	**top quartile**
Customer concentration	top cust >20%	**top cust <10%**

FACTOR	NEEDS WORK	STRONG
Contract length & change of control	monthly	**multi-yr, survives CoC**
Software vs Services mix	>30% services	**<15% services**
Market size & growth	top-down TAM	**large + growing**
Product fit & target customer	unclear ICP	**focused ICP**
Expansion path	single use case	**land-and-expand**
Switching costs	commoditizing	**high switching cost**
AI resilience & defensibility	thin model layer	**data + workflow moat**
Technology & architecture	legacy, on-prem	**modern, cloud**
Security & compliance	no certs	**SOC 2 / ISO**
Financial readiness	cash-basis	**accrual, QoE**
People & management	founder-dependent	**runs without founder**
Tax & legal readiness	exposure, gaps	**registered, clean IP**

PART II

Exit readiness

Don't lose the multiple in diligence.

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When to start?

Engage advisors

PREPARATION: 6–18 months, founder-led

LIVE PROCESS: 6–9 months

Start preparing

- Identify and begin addressing the longest-lead items

18mo out

- Certifications (SOC 2, ISO), they take months
- Plan key headcount changes well in advance

12mo out

- Contract & change-of-control terms reviewed
- Cap table, IP & consents in order

6-9mo out until closing

- Advisor-led financial review completed ahead of launch
- Advisor-led data room preparation completed before buyer outreach

At least 12–16 months before going to market, start engaging with advisors. Realistic total: 12–24 months from serious intent to close.

Full timeline breakdown: **l40.com/insights/how-long-to-sell-a-saas-company**

Readiness checklist (1 of 2)

Earn the multiple in Part I, protect it here. When a buyer asks, the answer should already exist, clean and organized.

Corporate & Legal	Financial	Technology & IP
☐ Incorporation & board docs current	☐ Accrual GAAP statements (3+ yrs)	☐ Full code / IP ownership
☐ Clean cap table (options, SAFEs)	☐ Revenue recognition documented	☐ Architecture & scalability docs
☐ Shareholder & voting agreements	☐ Recurring vs one-time / deferred	☐ Open-source inventory & licenses
☐ Material contracts organized	☐ MRR/ARR bridge & cohorts	☐ SOC 2 / ISO 27001 in place (if applicable)
☐ Litigation listed / disclosed	☐ Budget vs actuals & forecast	☐ Data privacy & access controls
☐ IP, trademarks & domains registered	☐ Tax filings & nexus registrations	☐ Pen-test / vulnerability results
☐ Signed IP assignments (PIIAs)	☐ Review, audit or sell-side QoE	☐ Roadmap aligned to plan

Readiness checklist (2 of 2)

Commercial, people, and compliance, are areas where diligence most often finds surprises.

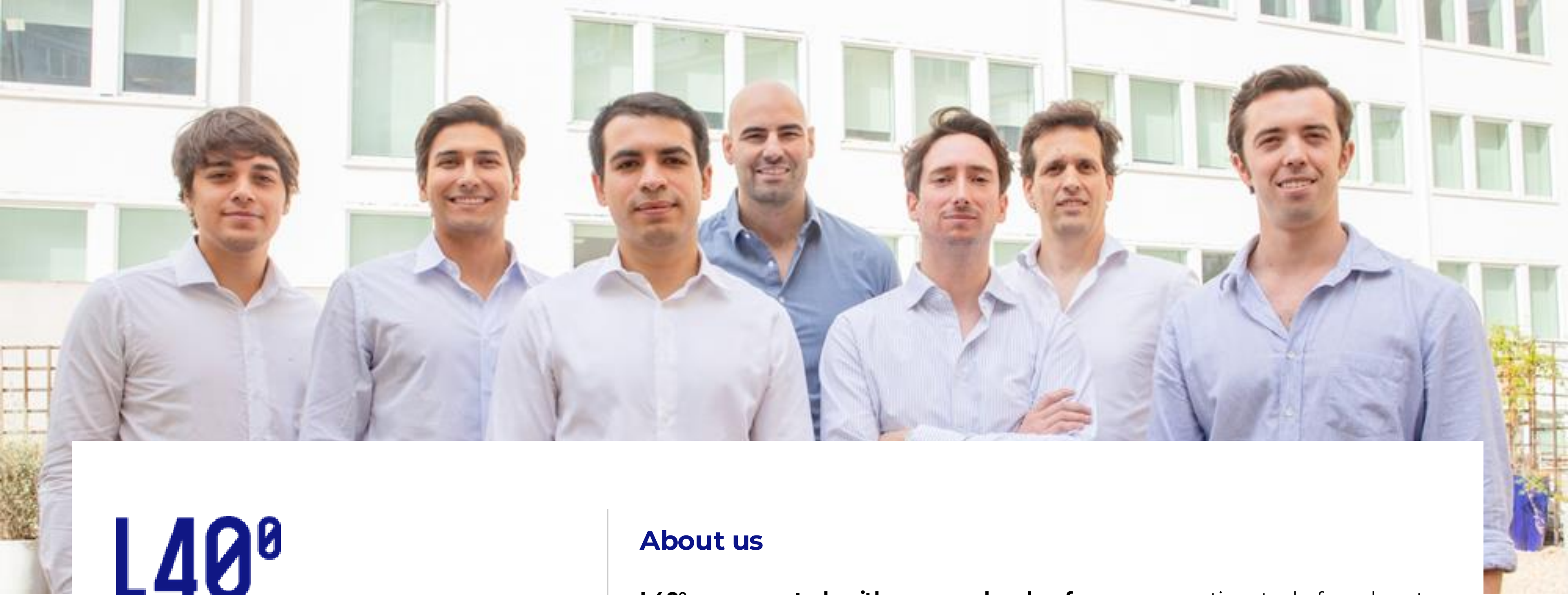
Commercial	HR & Organization	Compliance & Risk
☐ Signed, assignable contracts	☐ Org chart & key roles	☐ GDPR / CCPA privacy & ToS
☐ Standard MSA / order form	☐ Employment agreements & comp	☐ DPAs with sub-processors
☐ Pricing & discount policy	☐ Contractor classifications	☐ Insurance (cyber, E&O, D&O)
☐ Top-customer & churn analysis	☐ Succession / key-person plan	☐ Licenses & filings current
☐ Pipeline & GTM metrics	☐ Equity / option plan docs	☐ Sanctions / AML where relevant
☐ Partner / reseller agreements	☐ Retention & turnover data	☐ ESG policies if applicable
☐ Customer references ready	☐ Benefits & payroll compliant	☐ Open regulatory issues disclosed

ABOUT L40°

Cross-border M&A for tech founders

Sell-side M&A and debt advisory for technology founders

L40°



L40°

Global M&A for founders

About us

L40° was created with a cross-border focus, connecting tech founders to opportunities across North America and Europe, two thriving ecosystems linked by latitude 40° North. We guide founders through key milestones, **offering strategic M&A and debt advisory** to help them achieve exceptional outcomes.

With extensive experience in the software and tech sector, in the past 20 years, **our team has closed more than 180 transactions**, drawing on deep expertise as founders, operators, and investors.

What sets L40° apart

Deep expertise in technology sectors

Specialized in B2B and B2C SaaS, marketplaces, and technology-driven business models

Extensive network across verticals

Trusted relationships with leading strategic and financial buyers across key verticals and geographies

Global reach in the Americas and Europe

With offices in Miami, Lisbon, Madrid, and Manila we bridge opportunity through both regions

Founder-led, diverse team of bankers

Our team combines M&A expertise with hands-on experience founding and scaling tech companies

Data-driven market intelligence

Proprietary analytics and benchmarking platform to optimize positioning and valuation

Exclusive alignment with founders

We exclusively work on the sell-side, ensuring alignment with founders, trust and independence

Strategic advice, from founders to founders

M&A Advisory

Leverage our expertise across the full M&A lifecycle: We engage early on with companies to provide a strategic analysis, industry insights and positioning, and all preparatory work, before running a process with relevant, selected counterparties.

Credit Advisory

Our capital markets expertise in asset-backed lending and private credit enables access to reputable providers tailored to the company's objectives. Our services encompass negotiations, structuring terms, and managing the credit process.

End-to-end, seamless deal execution

Hands-on execution that creates competitive tension, maximizes value, and minimizes management burden

01
Prepare & Position

Validate equity story, financials and valuation, producing financials/projections, a **KPI pack** (MRR cohorts, GRR/NRR, LTV/CAC, CAC payback) and Infomemo with a **solid equity story**. Ensure alignment at board and **cap table** level, anticipate potential DD issues, and design the **data room**.

02
Targeted Outreach

Curate potential buyers by thesis, geo, and target valuation; pre-qualify timing and bandwidth. Equip **IC-ready materials** for financial investors; set clear timing expectations, and when needed, align early on **deal structure**, growth and succession plans and **governance**.

03
Drive Negotiations

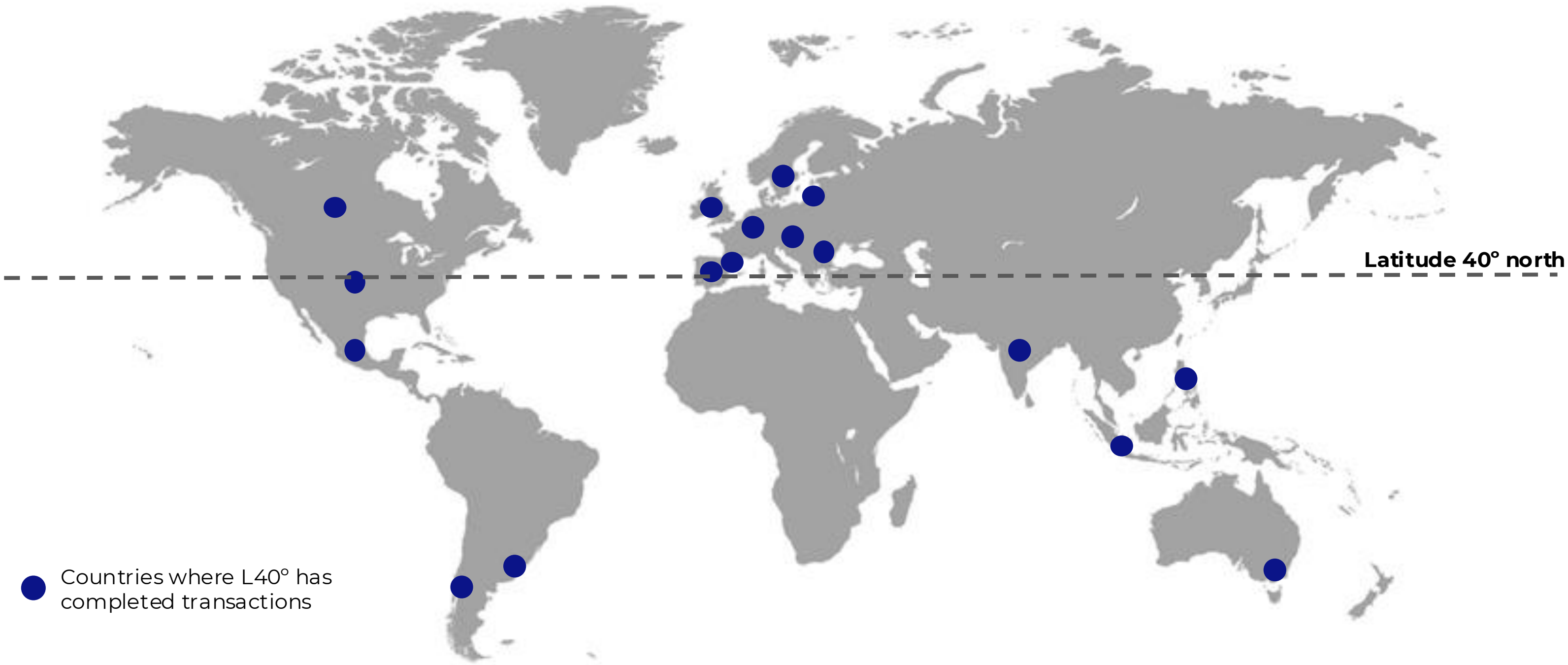
Run **structured offer letter windows** to create real price discovery and momentum. **Optimize not just valuation but terms and structure**, KPI-tied milestones and other deal elements, while **maximizing certainty of close**.

04
Execute & Close

Lead diligence execution (commercial, product/tech & security, legal/IP, finance/QoE, tax, HR) plus customer and reference checks. **Manage VDR and Q&A**, coordinate vendor QoE/tech DD, coordinate legal advisors, lock governance, and drive CPs, **funds flow**, and comms through **signing and cash-in**.

Global Reach & Network

Supporting tech founders with on-the-ground presence in Miami, Lisbon, Madrid, and Manila



Focused Exclusively on Technology

Software-led & scalable: categories with recurring/transaction-linked revenue and operating leverage.

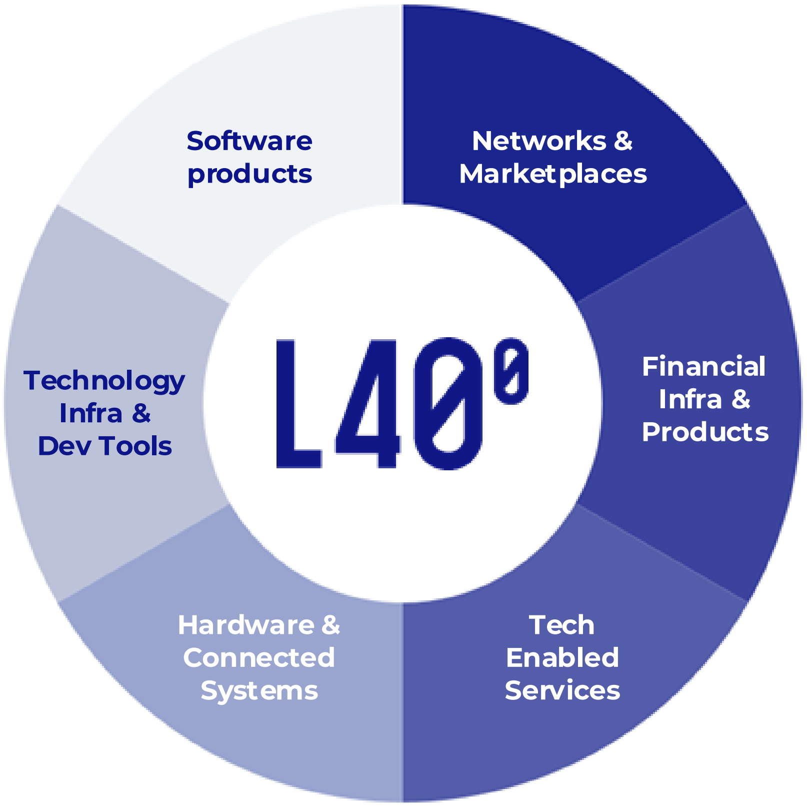
L40° buyer reach: broad universe of strategics and sponsors within our network.

Data-rich & auditable: performance is measurable, comparable, and defensible, ideal for a robust yet clean process.

<u>Equity story → alignment in valuation</u>

L40° looks to craft an attractive equity story: we work with companies we understand and can position against peers and explain to potential acquirers.

Valuation alignment: ability to design a deal that fits within market conditions, including also payout structure and governance.



Senior team with broad expertise in the technology sector

Juan Ignacio García
Founder and CEO

Juan Ignacio has **20 years of finance experience**, including **private equity at Portobello Capital** and **investment banking at Merrill Lynch**, where he worked on exits like Maxam's sale to Advent and Técnicas Reunidas' IPO.

As **CFO and co-founder of Cabify**, he raised $500M, scaling the company **from $1M to $800M in annual revenue**.

He holds an **M.Eng. in Telecommunications** from the Polytechnic University of Madrid.

Manuel Amor
Partner

Manuel is a former **McKinsey and Deloitte** management consultant with **12+ years of experience** in the financial sector. He worked in **investment banking at Sareb on the sale of €400M** in Real Estate portfolios.

He has deep **operational experience in the digital space, leading the expansion of DiDi** (Chinese unicorn) across LatAm and EECA.

He holds a **M.Eng. in Civil Engineering** and a **MBA from Insead**.

Ignacio Villanueva
Partner

Ignacio spent the first **10 years of his career as a professional athlete**, representing Spain **at the Rio'16 Olympics**.

He has **7+ years of experience in the financial sector**, including the **corporate VC** of Enagas; **Fuell**, the corporate credit card business (exited to Factorial) and **Boopos**, where he developed **extensive knowledge of software M&A**.

Ignacio obtained a **BA in Business and Law** from Carlos III University.

Execution excellence across all seniority levels

Team Member	Professional Background	Education
 **Ricardo Sánchez** Associate	Ricardo began his career in **M&A at PwC Deals**, where he advised on a range of **buy-side and sell-side transactions** and developed a strong focus on **valuations and financial modelling** across industries.	Dual Degree in **Law and Business from CUNEF**; Specialized training in **Accounting and Finance from IEB**.
 **Carlos Muñoz** Associate	Carlos has 7+ years of experience in **Asset Management and Corporate Banking at UnionBank** of the Philippines. Prior to joining L40°, he worked at **Boopos**, **analyzing thousands of digital businesses to support financing and acquisitions**.	**MBA from IE Business School** and **Management of Financial Institutions** from **De La Salle University**
 **Javier López** Associate	Javier has built his career in **M&A and debt advisory as a Senior Associate at PwC**, where he worked on deals in a variety of sectors, including Technology, Media and Telecommunications. Prior to PwC he was an **analyst at Imagine+, a search fund in the Iberia region**.	Dual Degree in **Business and International Relations from ICADE**.
 **Rafael Werner** Senior Analyst	Rafael has built his career in finance through roles at **Bank of America in investment banking and at Leblon Equities**, where he worked on equity research and valuations. Additionally, he worked for one year as an Associate in the IE M&A Club.	Bachelor in **Business Administration from IE Business School.**

Execution excellence across all seniority levels

Team Member	Professional Background	Education
 **Pablo Lamarca** Senior Analyst	Pablo has built his career in finance through roles at **PwC and Santa Ana Global Enterprises**, with strong exposure to **FP&A, financial reporting, and international audits**. He played a key role in the **IPO process**, leading financial reporting, consolidation, and due diligence across multiple subsidiaries.	Master's in **Financial Management from UPF Barcelona School of Management**. Degree in **International Business from UB**.
 **João Canavessi** Analyst	João started his career in investment and advisory through roles at **BTG Pactual** and **Signal Capital**, gaining exposure to **equity research and business valuations.** He brings a **strong analytical background** with experience in financial modelling and market research.	Master's in Management from **IE Business School.** Bachelor's degree in **Business Administration** from **King's College** London.
 **Javier López-Tello** Analyst	Javier started his career in corporate finance through an **M&A role** at **Repsol**, gaining exposure to **valuations**, **financial modelling** and **due diligence**. He brings a **strong analytical** background with experience in financial statement analysis and market research to identify strategic targets.	Bachelor in **Business Administration from ICADE,** with a Minor in **Business Analytics.**
 **Andrea Balletbó** Head of Growth	Andrea Balletbó is a **seasoned M&A advisor** with a **strong track record in tech and entrepreneurship**, both as a **SaaS founder** and working at companies such as **Quora**. She has **led numerous acquisitions across SaaS and other tech verticals** and now leads L40°'s growth efforts.	Master's in **Management and Digital Business from IE Business School**.

Strong deal track record in mid-market tech deals

Company	Deal	Counterparty	Amount / Type
ELIPSE Inteligencia artificial	Acquired by	Confidential	
trenes.com	Acquired by	ixigo	
krakenD	Acquired by	Shop Circle	
bigred CLOUD	Acquired by	Melior Equity Partners	
FirstPromoter	Acquired by	SpringWater	
Jetboost	Acquired by	Confidential	
FASANARA CAPITAL	Asset-backed lending for	Boopos	$50M Debt raise
Text Hub	Acquired by	Confidential	
Star Rocket Asset Management Group		Credit advisory	
Delivery Hero	Acquired a stake in	Glovo	$60M Secondary
GAT	Invested in	vecttor	$50M Equity raise
Santander	Structured loan to	vecttor	$55M Debt raise
MM	Invested in	Moovo	$20M Equity raise
IDB	Structured loan to	cabify	$60M Debt raise
WTI	Structured loan to	cabify	$20M Debt raise
EASY TAXI	Acquired by	cabify	$140M Acquisition
Rakuten	Invested in	cabify	$300M Equity raise
European Investment Bank	Structured loan to	cabify	$50M Debt raise
maxam Beyond Performance			$1.2Bn Divestment
ICFC	Acquired by	Portobello	$40M Acquisition
TECNICAS REUNIDAS			$1Bn IPO

L40°

Non-exhaustive. Includes exec team track record in previous firms

Strong track record in mid-market tech deals

Acquisition financing

kissmetrics	Blinksale	CLIENT NURTURE SYSTEM	PetLinx	campsite.bio	announcekit	PowerImporter
Color More Lines	TITAN	Gigalixir	Mixed Analytics	mamas uncut	mullion	fetch
NOMOROBO	voice dream		closeby	Trackerbot	thirdshelf	DOT YETI.com

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