

# Closing the Delivery Discount in B2B SaaS

Software that runs like a services business is priced like one. In private M&A between 2024 and Q1 2026, SaaS sold at around 3–3.8x revenue, non-SaaS software at around 2.3–2.6x and IT services at around 1.1x (Aventis Advisors). The gap, on the same revenue, is the delivery discount.

**EXHIBIT 1** The shape the market pays for, beside the shape it discounts

|                                                       | THE SHAPE THE MARKET PAYS FOR    | THE SHAPE IT DISCOUNTS                    |
|-------------------------------------------------------|----------------------------------|-------------------------------------------|
| Revenue multiple (private M&A, 2024–Q1 2026, Aventis) | ~3–3.8x                          | ~1–2.6x                                   |
| Gross margin                                          | 75–80%                           | Below 70%                                 |
| Services mix                                          | Under ~15%, priced and separate  | Above ~15%, at or below break-even        |
| ARR per head                                          | ~\$141k median; \$200k+ top tier | Well below the median while revenue grows |
| Release cadence                                       | Monthly or better                | Quarterly and slipping                    |
| R&D spend                                             | Funds the roadmap                | Quietly funds unbilled services           |

## Why the cleanup didn't move the multiple

The accounts measure the custom work a company billed. The discount is priced on the custom work it absorbed: a decade of customer-specific commitments built into the core product and funded from the R&D line. A financial cleanup tidies the billed services line; diligence reads R&D as a share of revenue, ARR per head and release cadence, and prices what it finds.

**EXHIBIT 9** What the published drivers move · revenue multiples · external

| DRIVER                                         | REVENUE MULTIPLE, COMPARED | BASIS AND PUBLISHER                   |
|------------------------------------------------|----------------------------|---------------------------------------|
| Net revenue retention above 120% vs below 100% | 11.7x vs 4.1x revenue      | Public, EV/TTM revenue, Q4 2024 · SEG |
| Gross margin above 80% vs below 60%            | 7.2x vs 3.5x revenue       | Public, EV/TTM revenue, Q2 2025 · SEG |
| Gross margin above 80% vs below 80%            | 7.6x vs 5.5x revenue       | Public, EV/TTM revenue, Q4 2024 · SEG |
| SaaS against non-SaaS software                 | +19% to +52% on revenue    | Private M&A, 2024–Q1 2026 · Aventis   |
| Rule of 40, +10 points                         | About +1.0x revenue        | Public, Q3 2025 · Aventis             |

Each driver is measured on its own; they are revenue effects and are never added together.

## How to tell from outside: the six indicators

### EXHIBIT 4 The six indicators

| # | INDICATOR                  | WHAT IT READS                                                             | WHY IT MATTERS                                                             |
|---|----------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 1 | ARR per head               | Well below the ~\$141k median while revenue still grows; top tier \$200k+ | Headcount rose and the operating model did not. The cleanest external tell |
| 2 | R&D share of revenue       | Rising, with no roadmap surface to account for it                         | Where absorbed customer work lands once it leaves the services line        |
| 3 | Configuration absorption   | The share of last year's commitments satisfied without a core change      | Most companies cannot answer this at all, which is itself the finding      |
| 4 | Support and success cost   | Above 12% of revenue while churn holds, against a ~9% norm                | Delivery is generating incidents faster than support closes them           |
| 5 | Commitment-to-release time | The elapsed time, and whether it is lengthening                           | Measures the intake directly rather than through a financial proxy         |
| 6 | Services mix               | Above ~15% of revenue, or running at or below break-even                  | Lagging — the one everyone already watches                                 |

By the time the sixth moves, the other five have been true for years. Blended gross margin below 70% remains the clearest confirmation once the condition is advanced — and the most lagging signal of all.

### The order of the fix

1. **Mandate.** Decision rights over delivery, by board resolution. Every decision that crosses the product-services boundary gets one owner and a deadline.
2. **The right people.** The leaders who built the company hold the moat. Each senior role is re-cast for the current stage before anyone is hired.
3. **The team.** Senior engineering and product capability hired in-house around the people who hold the domain knowledge — not outsourced to third-party contractors.
4. **Routing and rebuild (done last).** Every customer request is strictly routed to the Core, an Enabler or the Edge — before any architectural rebuild begins. Rebuilding first just produces a newer version of the same tangled asset.

### Start this quarter: the three-pile audit

Sort every engineering ticket from the last 90 days into standard product, single-customer bespoke work, and break-fix or technical debt. If the second and third piles dominate, the condition applies, whatever the services line says.

Individual valuation drivers are measured independently and are never summed. Multiples are cited exactly as reported by their respective publishers. Full report, sources and the figure classes: [www.reinnesence.tech/research/closing-the-delivery-discount](http://www.reinnesence.tech/research/closing-the-delivery-discount). Contact: [hello@reinnesence.tech](mailto:hello@reinnesence.tech).

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