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Biannual Acquisition Multiples Report

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Introduction

When you list a startup on Acquire.com, one of the trickiest things to get right is the asking price. Valuation is an inexact science, and multiples are like tailored suits, adjusted from one startup to the next. Just the perception of value can play a big part. Your dilemma: What multiple accurately reflects your startup's worth, and will the market think it's fair?

As curators of the marketplace, we monitor closed acquisitions and their multiples to help you decide on how to effectively exit your startup. To attract buyers, your asking price must reflect what they're willing to pay – and we've collected the data to help you. Today, we'd like to share with you **our 2021 analysis of acquisition multiples** in the first of our biannual multiple reports.

How This Report Can Help You Get Acquired

For years, you've been told by brokers and intermediaries what multiples are fair. Today, you'll see **marketplace data** that shows what's possible with or without brokers. You've asked at what multiples most startups sell and these are the ranges we've seen close on Acquire.com.

Can you list outside of these multiples? Maybe, but not without a convincing rationale. We take special care to only list startups with realistic asking prices so you enjoy the best selling experience. You might be able to sell at 10-30x revenue eventually, but we'd do a disservice to you and buyers by listing at those multiples. Instead, build your profit and revenue to justify a price that'll make you (and buyers) happy.

A Disclaimer on the Data

We've created this report using **anonymized, customer-generated data**. We don't participate in acquisition transactions, so the actual multiple ranges could be higher or lower. We're working to improve the quality of our data **going forwards, but the multiples will give you a sense of what is listed and selling on our marketplace.**

Finally, this report and its data are not intended to provide legal, financial, or any other professional advice. We compiled this data and this report for informational purposes only to help you decide on how to most effectively use our platform. We recommend you seek the services of an M&A professional before entering into any M&A transaction. It is not Acquire's intention to solicit or interfere with any established relationship you may have with any M&A professional, and nothing in this report does or intends to form any professional relationship or engagement with Acquire.com.

Please consider all types of information and data when using our platform. We do not and do not purport to make any representation, warranty, or guarantee regarding the accuracy and completeness of any of the information in this report.

What's in the Report?

What follows is an analysis of acquisition activity in 2021. We've extracted the revenue and profit multiples of all closed acquisitions (as recorded by customers) and divided them by startup type (SaaS, Ecommerce, and so on) and size (TTM revenue). All data is anonymized, and please remember that it's customer-reported and that actual transactional data might differ.

Pre-Revenue Startups

We usually don't list pre-revenue startups as they're difficult to price. You can't use a multiple and you'll have a hard time convincing buyers of intangible value. Pre-revenue startups get acquired for $12,695 on average, which is why we recommend finding customers before listing on Acquire.com, especially if you want to attract more offers and sell for the highest price.

If you want the highest price for your startup, acquire some customers before you list.

MicroSaaS (Revenue Multiple)

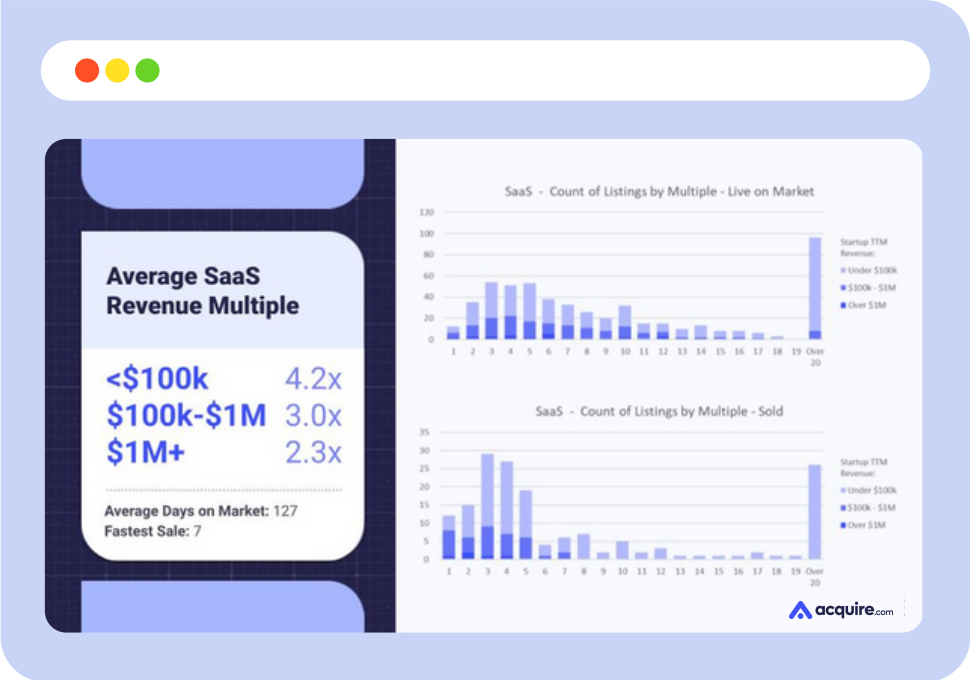
Multiples don't matter much for MicroSaaS either. These companies are little more than MVPs or acqui-hires (an acquisition of people, not a company). Profit and revenue are so small that the multiples go wild – as much as 300x in one case.

Valuations of businesses with less than $100,000 in revenue are typically driven by the value of the assets, domains, IP, and code of the business. Sellers will often justify a price by comparing it with the cost to create the code. While pricing at 10x typically seems to be effective, you can adjust up or down depending on factors specific to your business.

At the smaller end of the market, multiples matter less – but you still need to convince buyers your asking price is fair.

SaaS (Revenue and Profit Multiples)

Acquire.com is the ideal marketplace for selling SaaS startups, especially if they're growing, profitable, and easy to market (with a clear use case). Buyers love SaaS because it's a simple, consistent business model: recurring revenue, fewer overheads, and no inventory to manage.



One of the most attractive features of SaaS is that revenue recurs.

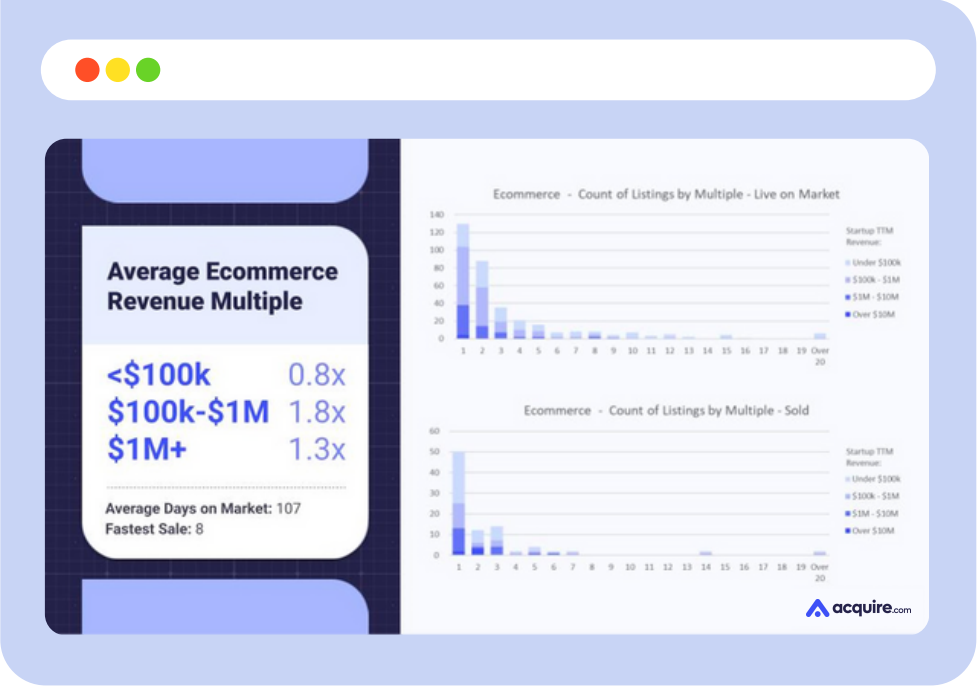
Margins tend to be higher on SaaS as there are fewer overheads and revenue recurs.

Ecommerce (Revenue and Profit Multiples)

Similar to SaaS, ecommerce startups sell quickly on Acquire.com. It's a fast-growing sector that the pandemic has accelerated. Technology has overcome many of the logistical challenges in ecommerce, making it an ideal growth opportunity for the right buyers.

However, ecommerce startups have larger overheads than SaaS, including inventory, storage, and fulfillment. Revenue is also variable and potentially seasonal, which adds unpredictability. You might nod your head, therefore, at revenue multiples hovering between 1x and 2x.

The profit multiples, on the other hand, are comparable to those of SaaS which might simply be because the margins are thinner. We don't know whether buyers favor profit or revenue multiples in the reported data, but in general, higher revenue multiples may be because a startup achieves economies of scale or uses technology to create a lean, efficient business model.



Ecommerce revenue can be variable and seasonal, which might explain why multiples are lower than SaaS.

Higher multiples may reflect economies of scale, mature technologies, and operational efficiency.

Shopify SaaS (Revenue Multiple)

Shopify SaaS is a special case because it's SaaS within a specific commercial framework (Shopify) that is itself part of the wider ecommerce market. Buyers acquired Shopify SaaS companies at a multiple of 2.8x on average, which is comparable to a larger SaaS multiple.

Why are multiples higher than in the ecommerce sector? Shopify SaaS enjoys the same recurring revenue and low overheads as other SaaS companies. The difference, for what it's worth, is that they operate exclusively within the Shopify ecosystem.

Shopify is a high-growth ecommerce platform in which SaaS thrives.

Marketplace (Revenue Multiple)

Marketplaces can be tricky to monetize. Everything you do – from marketing to operations – is split between two personas: supply and demand. In other words, you must double down to satisfy both, and your capacity for growth (and buyer returns) becomes a function of your marketing budget.

Smaller marketplaces (under $100,000) are more frequently priced on the value of the code and assets, which explains why buyers acquired them at double the multiple. Bigger marketplaces may have achieved enough revenue to be valued directly on that metric.

Growing a marketplace requires a deep understanding of what motivates customers on both the supply and demand sides.

Agency (Revenue Multiple)

The problem with agencies is that they're people dependent. The founding team's professional network and reputation fuels growth. Buyers are strangers to an agency's clients, and even with professional introductions, might suffer lapsed contracts and loss of revenue.

Only buyers with the right expertise and relationships will achieve a return on investment, and in the short term, might still suffer a small loss as the agency adapts to a new owner. Buyers likely see the average multiple of 0.8x as good value: They get more revenue for their dollars but have to work hard to continue delivering and growing that revenue.

Agencies are people businesses and an acquisition may result in a few hiccups as buyers take over existing accounts and relationships.

What You Should Take Away from This Report

I hope this report has helped you understand what influences multiples and why they need special consideration. It's not gospel, of course, but a guide.: Identify where your startup fits along the spectrum and then consider using this information to position your company most effectively to reflect your unique nuances. Start here, and if you're still unsure, chat with an acquisition advisor.

REMEMBER:

Valuations can be abstract. Profit and revenue indicate how well your startup's doing but don't always tell the whole story. It's up to you to convince buyers of the value of your business, but if you stick within these multiples, I expect you'll do very well on Acquire.com. Buyers tell us that realistic asking prices start conversations off on the right foot, and we agree.

The type and size of your startup matter. Whether you've built a microSaaS or an MVP or some other little tool with a handful of customers, smaller startups are harder to price and multiples might be less relevant. Once your startup is self sufficient, growing, and profitable, you'll likely get listed and attract buyers' attention (not their ire!) if you stick to the average multiples.

Do these multiples guarantee a listing on Acquire.com? Not quite. We take into account many different factors when curating the marketplace and asking price is just one of them. If you'd like to learn more about the startups we want to list, **check out our blog**. Otherwise, **contact one of our advisors** for a free, no-obligation consultation to set you up for a fast and happy acquisition.