Compound

MARKET RESEARCH

Public software: growth and valuation

Revenue, ARR and NTM P/S for the 15 largest listed software companies, Jan-20 to Oct-26

Date: November 3, 2026

Data: FactSet prices, consensus estimates and fundamentals

Universe: 15 companies, $6.52T combined market capitalization

Software multiples have split by growth

Median NTM P/S is 9.2x, but names guided to 25%+ growth trade at 24.3x against 5.8x for the rest

9.2x	21.5%	24.3x	5.8x
Median NTM P/S	Median NTM revenue growth	NTM P/S, NTM growth 25%+	NTM P/S, NTM growth below 25%

Findings

1. **Multiples sit below their recent average.** The median of 9.2x is 38% below the Oct-21 peak of 14.9x and 13% below the 3-year average of 10.6x.

2. **Dispersion is the widest of the period:** the 75th percentile trades at 17.2x and the 25th at 4.6x, a 3.7x gap against 2.0x in Jan-20.

3. **Revenue growth has re-accelerated.** Median year-over-year growth rose from 11.9% in CQ1'24 to 24.2% in CQ2'26, helped by acquisitions at Synopsys and Palo Alto Networks.

4. **Growth is the biggest single driver of the spread.** NTM growth and NTM P/S correlate at 0.63 across the 15 names and 0.82 without Oracle, which trades at 3.7x on 50% NTM growth.

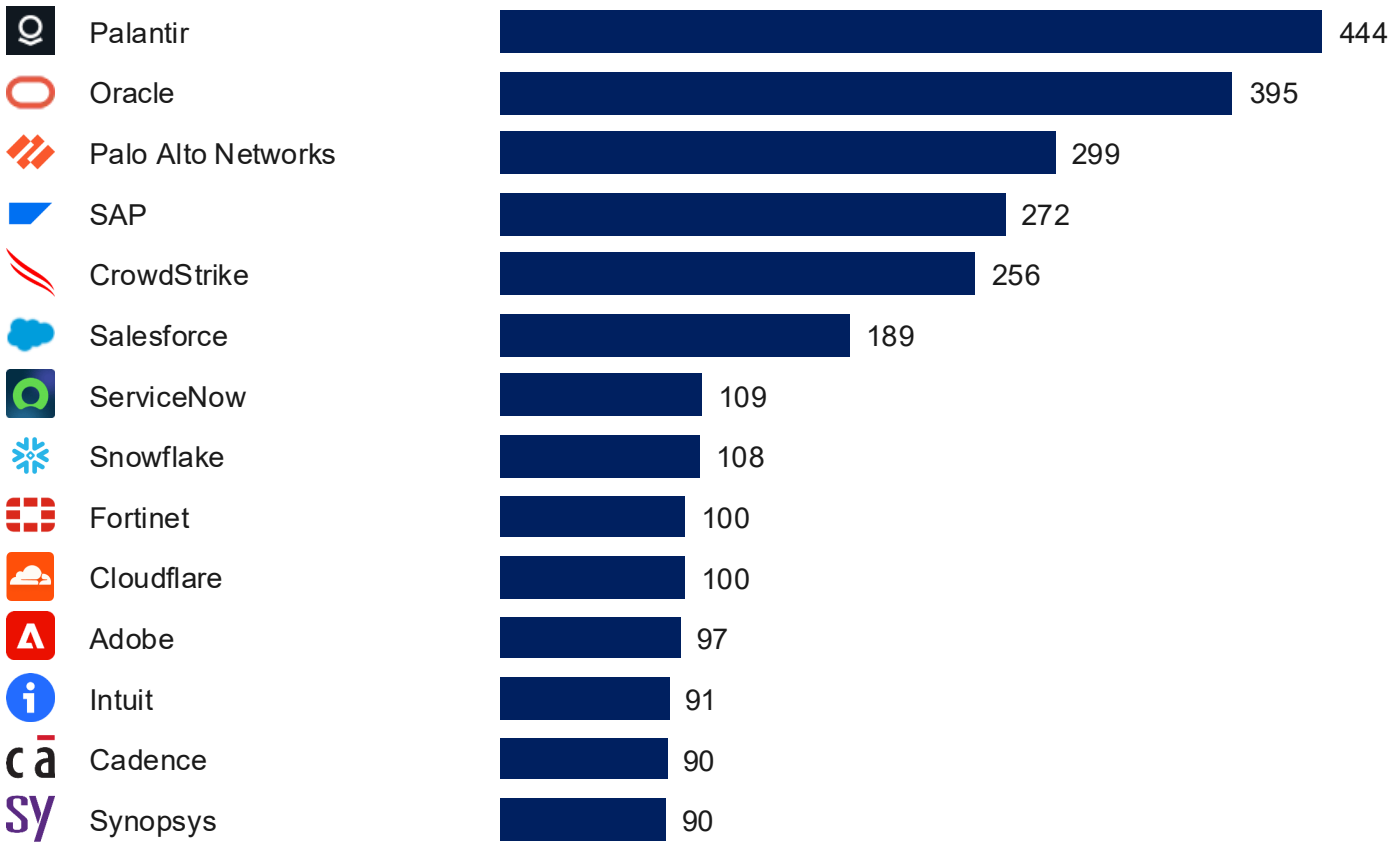
5. **Application software has de-rated** to a 3.8x cohort median, 47% below its 3-year average, while security and network names re-rated to 24.3x, 46% above theirs.

Source: FactSet prices, consensus estimates (NTM revenue, mean) and fundamentals, as of 30 Oct 2026; our analysis of FactSet data

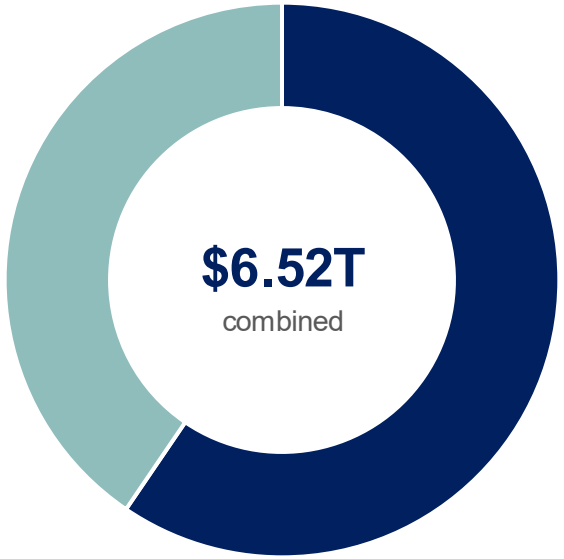
Microsoft is 59% of the group's $6.52T value

Excluding Microsoft, the other 14 names range from $90B to $444B of market capitalization

Market capitalization, excluding Microsoft ($B, 30 Oct 2026)



Group composition



Microsoft $3.88T (59%)

Other 14 $2.64T (41%)

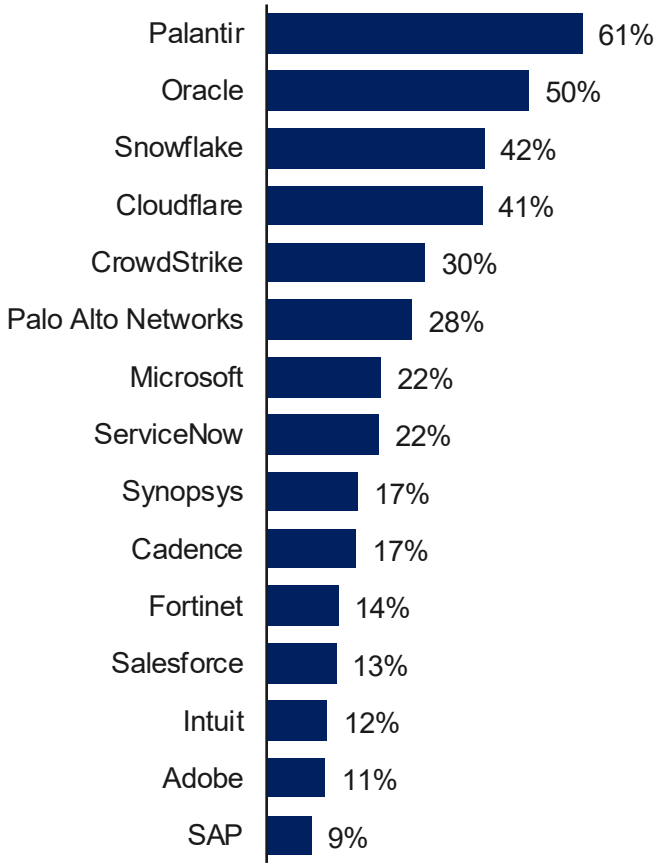
Median market cap of the 15 is $109.1B. Shopify and AppLovin are excluded as commerce and ad-tech platforms; SAP uses its XETRA listing in USD.

Source: FactSet Global Prices (month-end close x shares outstanding), 30 Oct 2026; our analysis of FactSet data

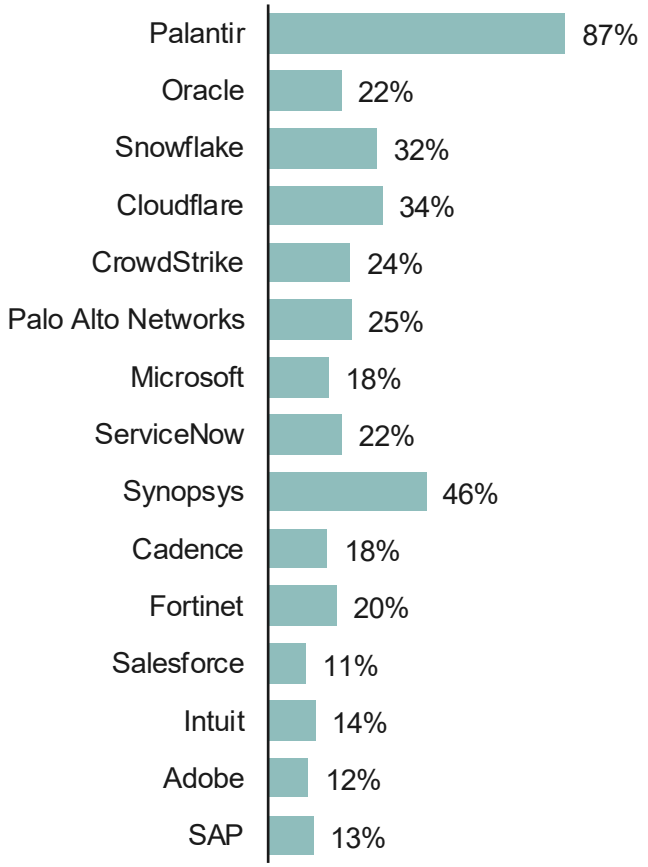
Six of the 15 are expected to grow revenue 25% or more

NTM consensus revenue growth against LTM reported growth; Palantir and Oracle lead at 61% and 50%

NTM growth, consensus (%)



LTM growth, reported (%)



What stands out

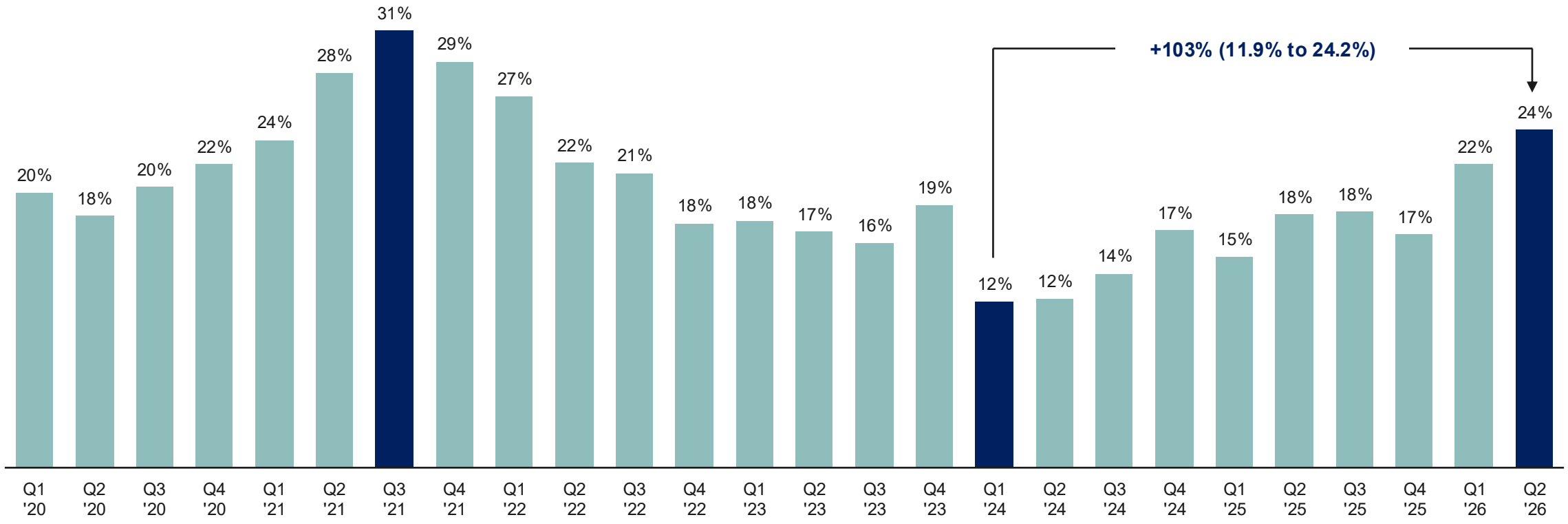
- **Oracle:** NTM consensus of $107.9B implies 50% growth on $71.8B of LTM revenue, more than double its 22% LTM rate.
- **Synopsys:** 46% LTM growth includes acquired revenue; consensus implies 17% for the next twelve months.
- **Application software** (Salesforce, Intuit, Adobe, SAP) is expected to grow 9% to 13%.
- **Security and data infrastructure** (Snowflake, Cloudflare, CrowdStrike, Palo Alto Networks) is expected at 28% to 42%.
- **Microsoft** is expected to grow 22% on $346B of LTM revenue, faster than eight of the other 14.

Source: FactSet Fundamentals (quarterly revenue, as reported) and FactSet Estimates (NTM consensus revenue, mean, 1 Nov 2026); our analysis of FactSet data

Median revenue growth has doubled from its 2024 trough

Median year-over-year quarterly revenue growth across the 15 names fell to 11.9% in CQ1'24 and recovered to 24.2% by CQ2'26

Median YoY revenue growth by calendar quarter (%)



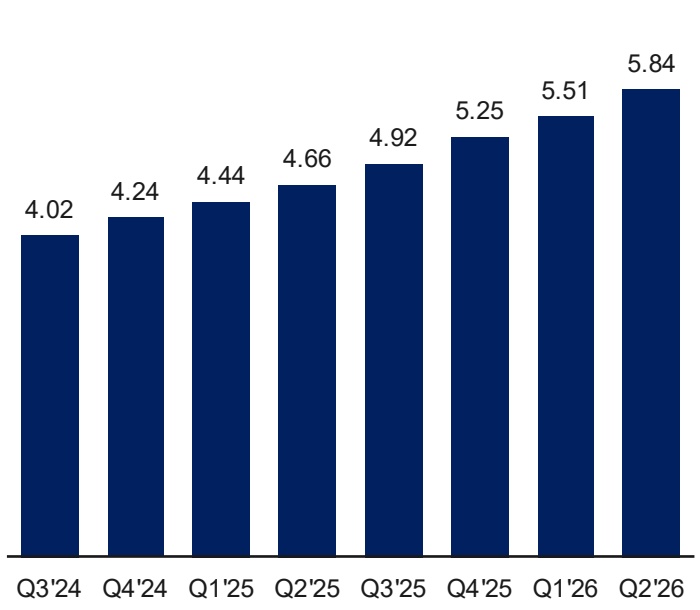
Highlighted: peak of 31.3% in CQ3'21, trough of 11.9% in CQ1'24, and 24.2% in CQ2'26, the latest quarter all 15 have reported (8 of 15 had reported CQ3'26 by 3 Nov 2026).

Source: FactSet Fundamentals, quarterly revenue as reported in USD, fiscal quarters mapped to calendar quarters; our analysis of FactSet data

ARR grows 11% to 25%; Palo Alto's 63% includes M&A

Three of the 15 disclose an ARR that FactSet tracks; Palo Alto's is a segment ARR; latest quarter shown

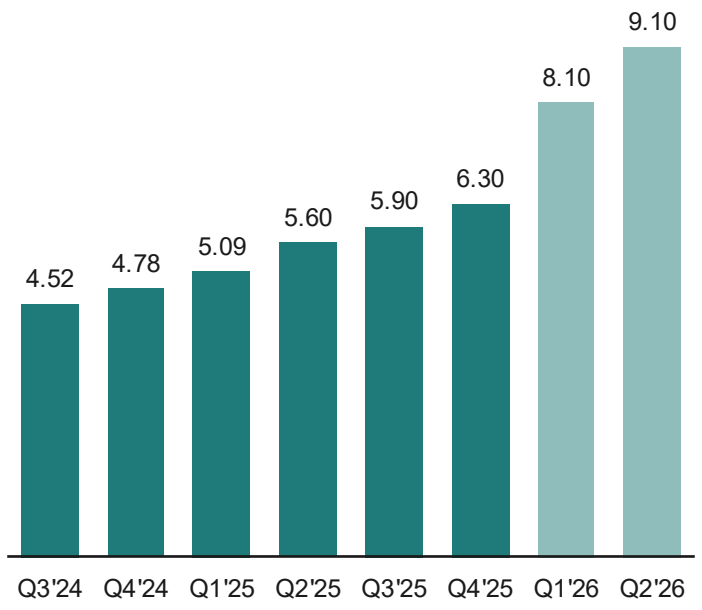
CrowdStrike: ending ARR ($B)



+25.4% YoY, CQ2'26

Annual recurring revenue, as reported each quarter.

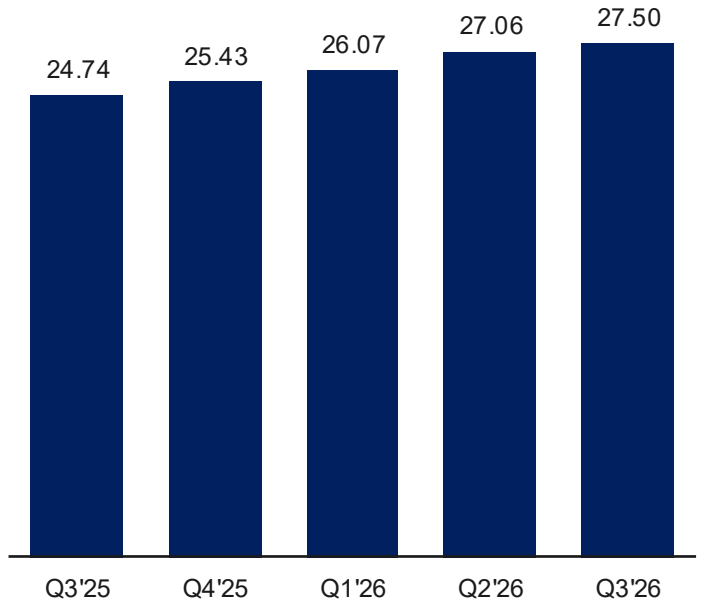
Palo Alto Networks: NGS ARR ($B)



+62.5% YoY, CQ2'26

Next-Generation Security ARR; from CQ1'26 includes $1.63B from CyberArk and Chronosphere.

Adobe: Total Adobe ARR ($B)



+11.2% YoY, CQ3'26

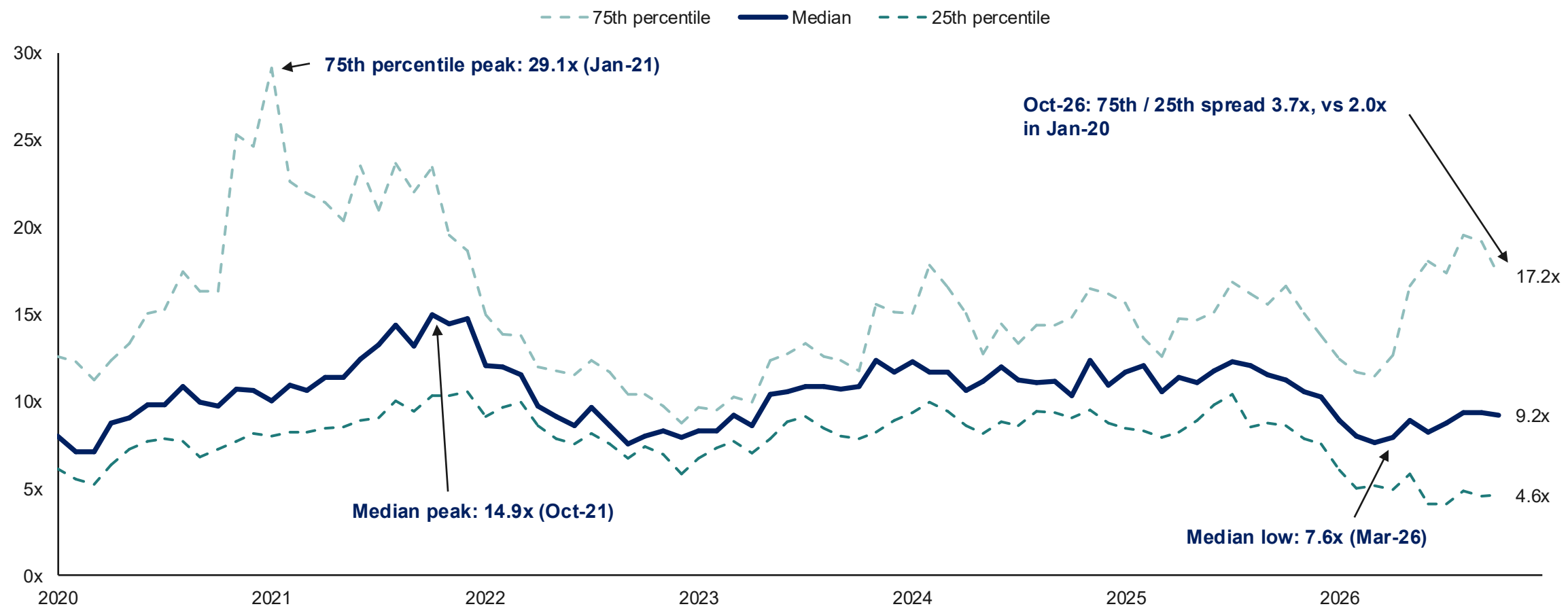
Total Adobe ARR on the FY26 basis; includes about $480M from Semrush.

Source: FactSet Estimates, reported ARR actuals (quarterly, USD); company earnings releases for ARR definitions; our analysis of FactSet data

Median NTM P/S of 9.2x is 38% below the 2021 peak

Median multiple across the 15 names with the 25th and 75th percentiles, month-end, Jan-20 to Oct-26

NTM price-to-sales (x), month-end

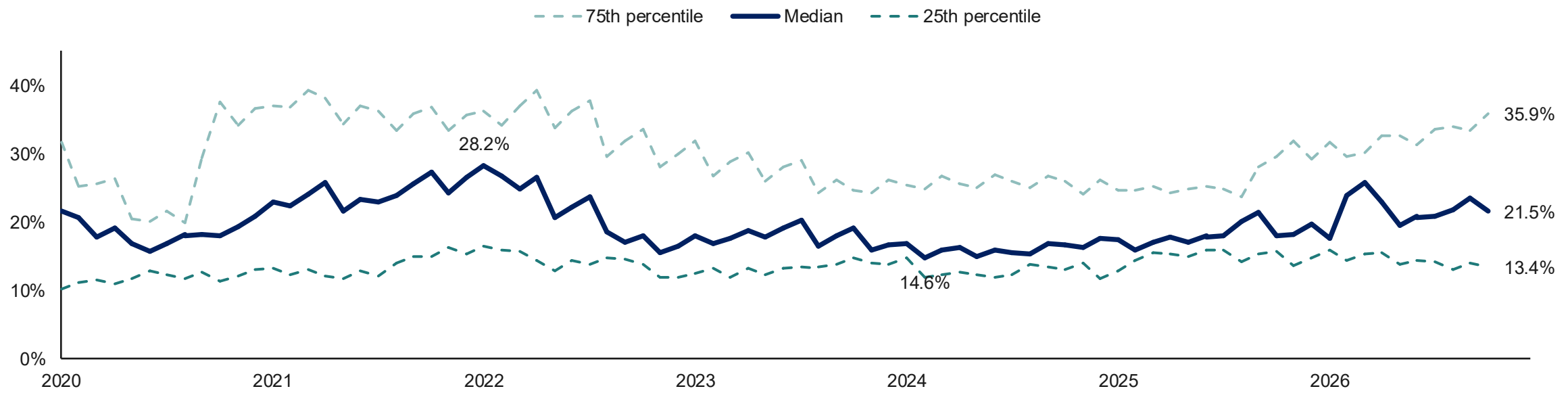


Source: FactSet Global Prices (month-end close, shares outstanding) and FactSet Estimates (NTM consensus revenue, mean); our analysis of FactSet data

Expected revenue growth is back to 21.5% from a 14.6% low

NTM consensus revenue against LTM revenue reported by each month-end; median and interquartile range, Jan-20 to Oct-26

NTM revenue growth, consensus vs LTM (%), month-end; Palantir and Snowflake included from Oct-20



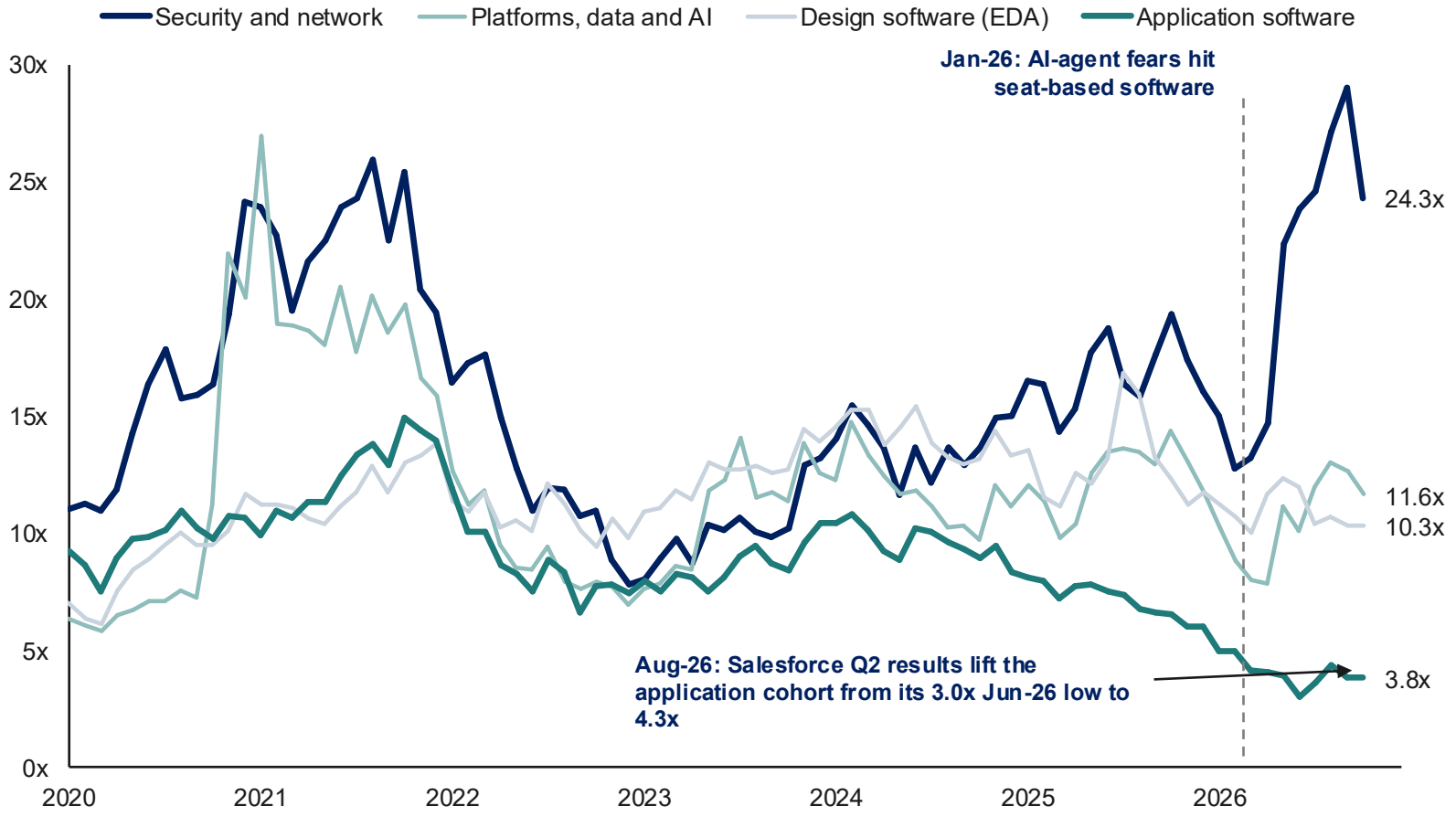
	Jan-20	Jan-22 (peak)	Feb-24 (low)	Oct-26
Median	**21.5%**	**28.2%**	**14.6%**	**21.5%**
75th percentile	31.6%	36.3%	24.7%	35.9%
25th percentile	10.1%	16.4%	11.9%	13.4%

Source: FactSet Estimates (NTM consensus revenue, mean) and FactSet Fundamentals (quarterly revenue, by report date); our analysis of FactSet data

Security re-rated as application software fell to 3.8x

Median NTM P/S by cohort, month-end, Jan-20 to Oct-26; cohorts are our grouping of the 15 names

Cohort median NTM P/S (x)



Cohort, Oct-26 vs 3-year average

Cohort	Oct-26	3-yr avg	Chg.
Security	24.3x	16.6x	+46%
Platforms, AI	11.6x	11.7x	(1%)
EDA	10.3x	12.8x	(20%)
Application	3.8x	7.2x	(47%)

Cohort members

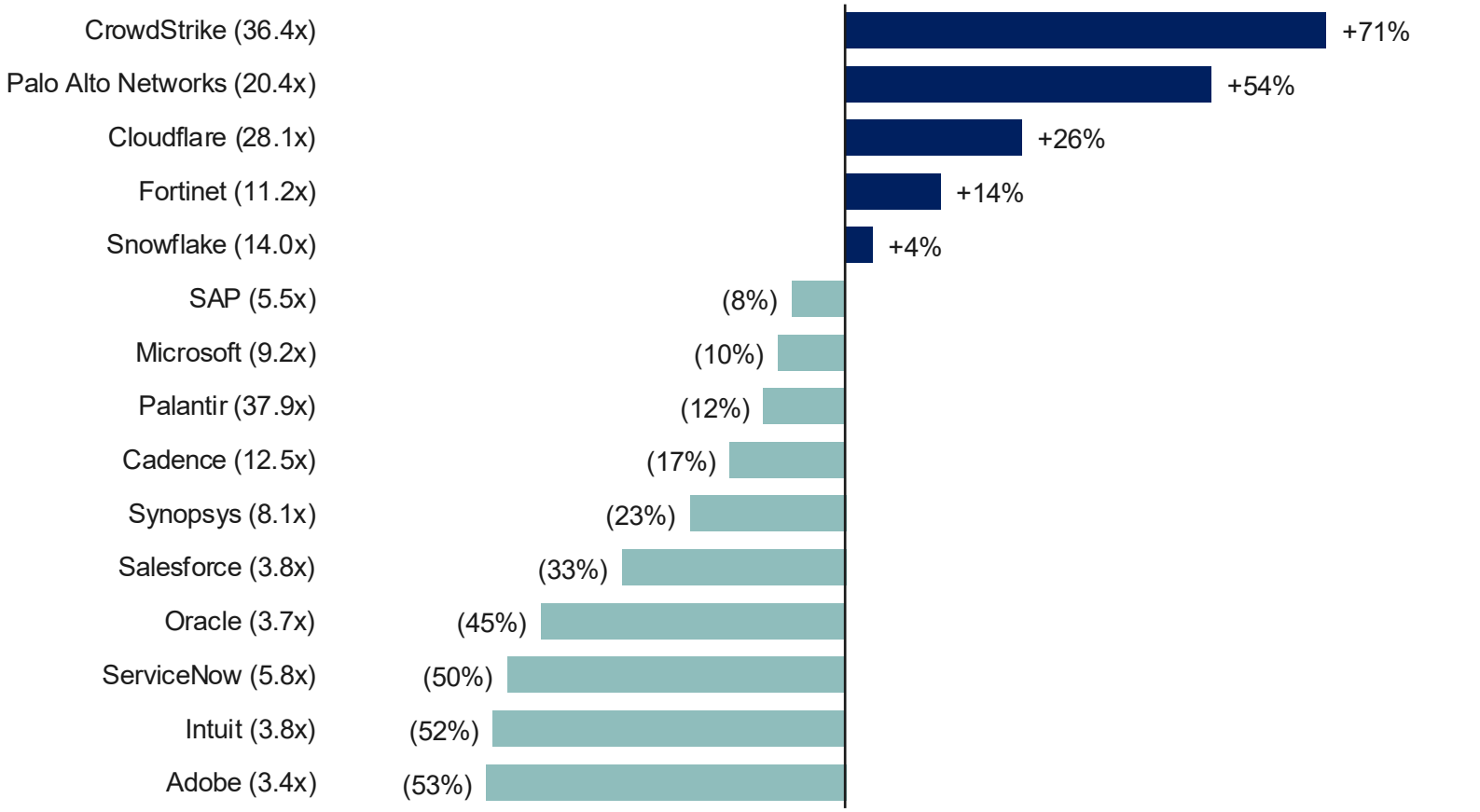
Security	
Platforms, AI	
EDA	
Application	

Source: FactSet Global Prices and FactSet Estimates (NTM consensus revenue, mean); our analysis of FactSet data

Ten of the 15 trade below their 3-year average multiple

Current NTM P/S against each company's Nov-23 to Oct-26 average; security names sit at a premium

Current NTM P/S vs 3-year average (%); current multiple in brackets



Where the gaps are

- **CrowdStrike and Palo Alto Networks** trade 71% and 54% above their 3-year averages, at 36.4x and 20.4x.
- **Adobe, Intuit and ServiceNow** trade at about half their 3-year averages, between 3.4x and 5.8x.
- **Oracle's discount of 45%** comes as NTM consensus revenue rose to $107.9B, 50% above LTM revenue.
- **Palantir** remains the highest multiple in the group at 37.9x, 12% below its own average of 43.2x.

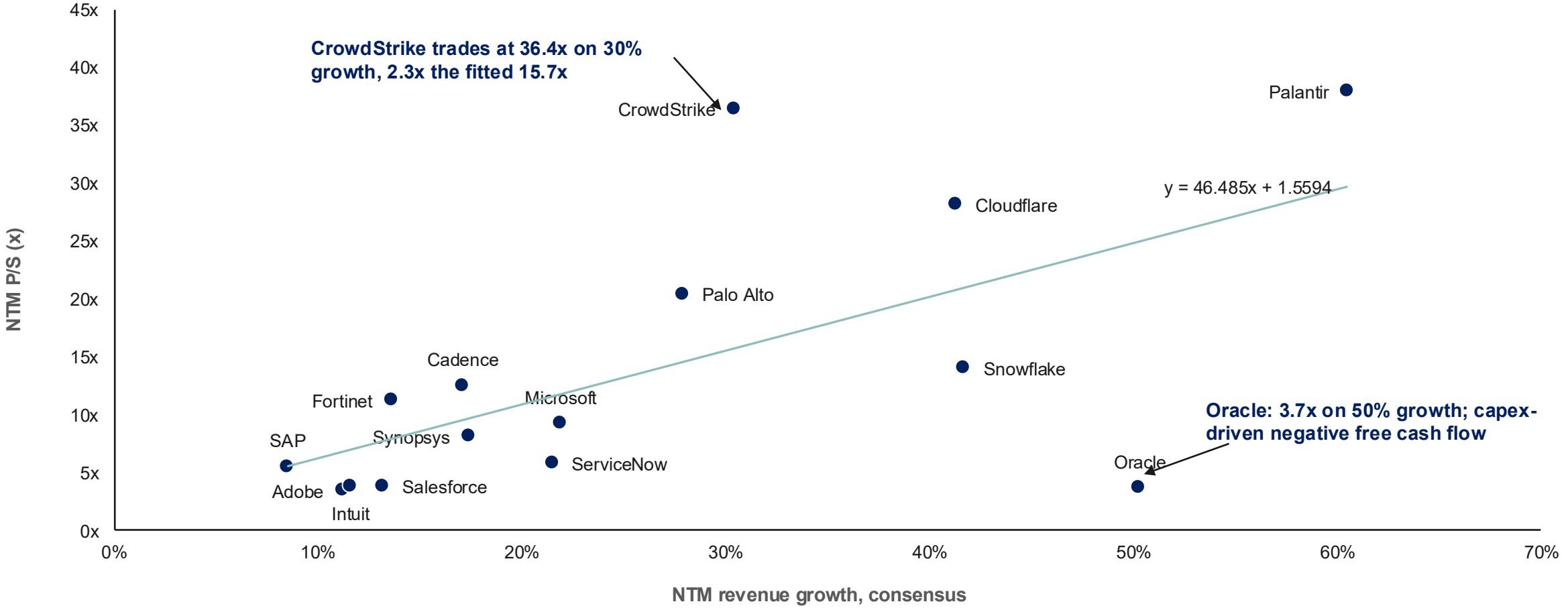
Median company trades 12% below its own 3-year average

Source: FactSet Global Prices and FactSet Estimates (NTM consensus revenue, mean); our analysis of FactSet data

NTM growth is the biggest single driver of multiples

NTM consensus revenue growth against NTM P/S, 30 Oct 2026; Oracle trades at 3.7x on 50% expected growth

NTM revenue growth (x-axis) vs NTM P/S (y-axis); correlation 0.63 across all 15, 0.82 excluding Oracle

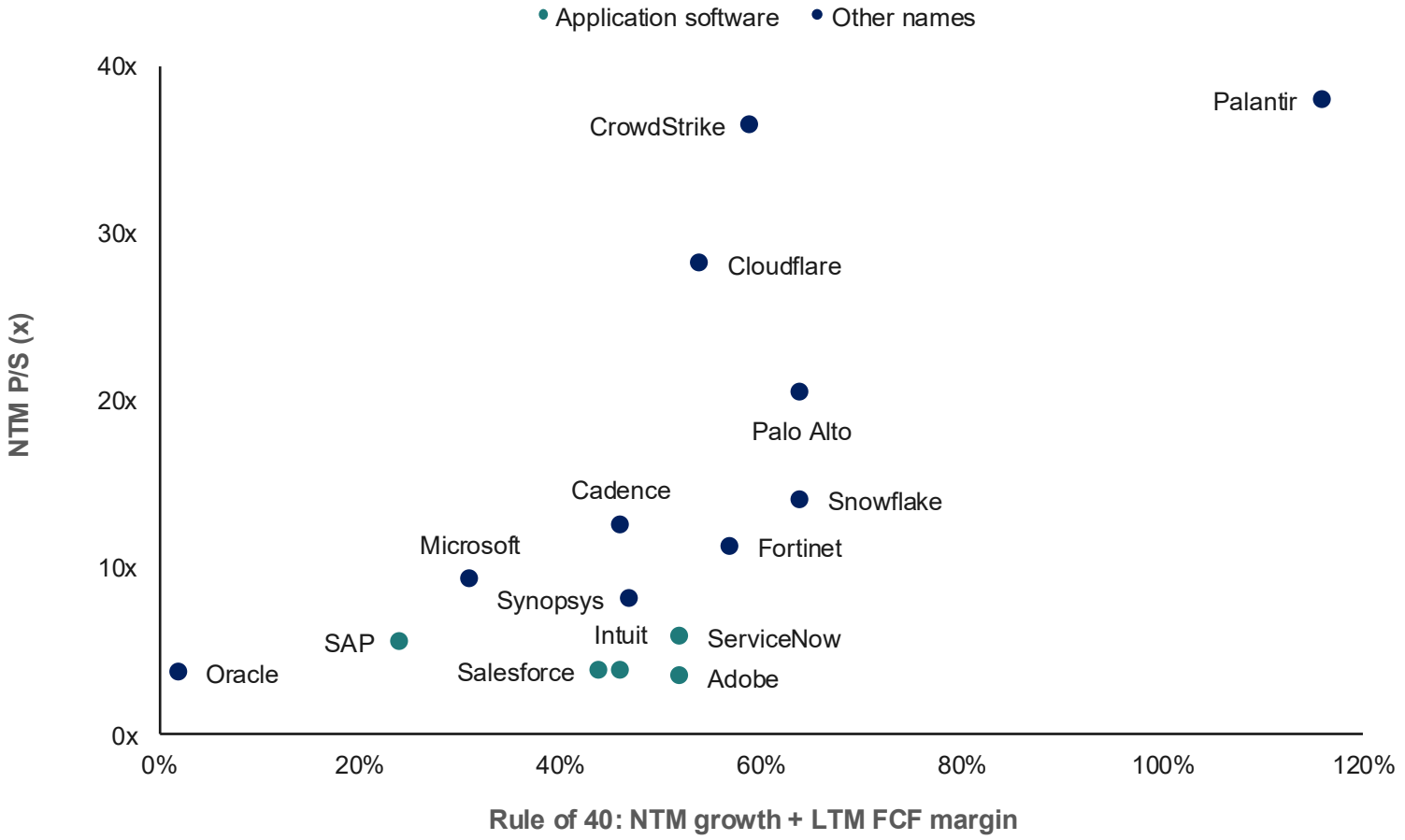


Source: FactSet Global Prices, FactSet Fundamentals and FactSet Estimates (NTM consensus revenue, mean); our analysis of FactSet data

On Rule of 40, application software screens cheapest

Rule of 40 (NTM revenue growth + LTM free cash flow margin) against NTM P/S, 30 Oct 2026; EV basis shown for the indebted names

Rule of 40 (x-axis) vs NTM P/S (y-axis)



NTM P/S vs EV / NTM sales

	P/S	EV/sales
Oracle	3.7x	4.9x
Salesforce	3.8x	4.4x
Synopsys	8.1x	8.8x
Fortinet	11.2x	10.7x

Rule of 40 explains more. Its correlation with NTM P/S is 0.70, against 0.63 for growth alone.

Cheap on cash flow. Adobe, ServiceNow, Intuit and Salesforce score 44% to 52% at 3.4x to 5.8x; Cadence and Synopsys score 46% to 47% at 8.1x to 12.5x.

Oracle's discount is cash flow. Capex drives a negative 48% FCF margin, so it scores 2% despite 50% growth.

Source: FactSet Fundamentals (free cash flow, debt, cash, revenue), FactSet Estimates (NTM revenue, mean) and FactSet Global Prices; our analysis

The market pays for growth, not for AI revenue alone

Median NTM P/S, change vs 3-year average and NTM growth, grouped by how AI shows up in each business (our grouping)

AI in reported growth

14.0x
Median NTM P/S

(10%)
vs 3-yr average

41.7%
NTM growth

Microsoft AI business ARR above $37B, up 123%

Palantir US commercial revenue up 148%

Priced as growth; Oracle trades in line with the public clouds

AI as security demand

20.4x
Median NTM P/S

+54%
vs 3-yr average

27.9%
NTM growth

CrowdStrike AI detection ARR up 250%+ in a quarter

Palo Alto Prisma AIRS ARR above $100M

Re-rated ahead of AI revenue, which is still small

AI as chip-design demand

10.3x
Median NTM P/S

(20%)
vs 3-yr average

17.2%
NTM growth

Cadence raised its outlook to 21% growth

Synopsys has 30+ agentic AI engagements

Steady demand; not priced as an AI winner

AI in seat-based apps

3.8x
Median NTM P/S

(50%)
vs 3-yr average

11.6%
NTM growth

Salesforce AI and data ARR near $4B

Adobe AI-first ARR above $650M

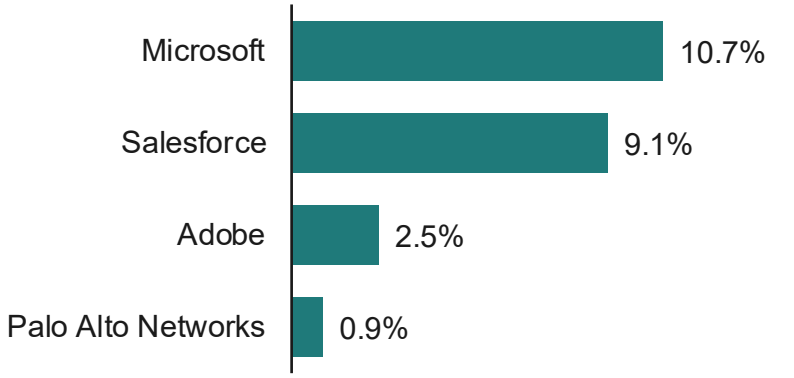
Priced as AI risk to seats; AI ARR not yet lifting total growth

Source: FactSet Global Prices and Estimates (NTM revenue, mean, 30 Oct 2026); company earnings calls and releases, Apr-Nov 2026; our analysis

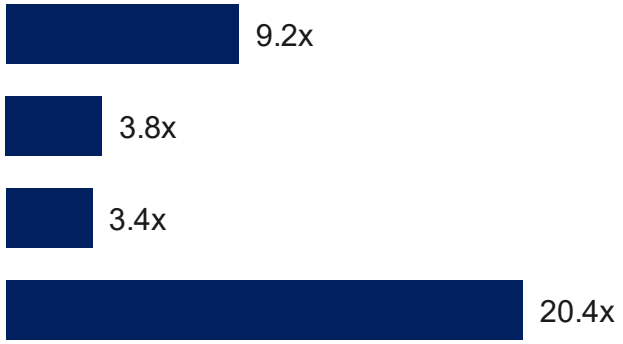
Salesforce looks under-rated on AI; Oracle is priced like a cloud

Disclosed AI run-rate against NTM P/S for the four companies that report one, and Oracle against the public clouds

AI run-rate, % of LTM revenue

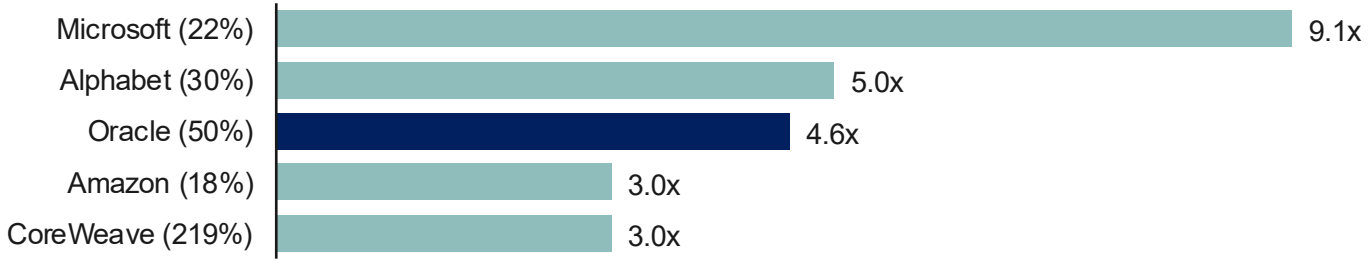


NTM P/S (x)



AI run-rates: Microsoft AI business ARR above $37B; Salesforce AI and data ARR near $4B; Adobe AI-first ARR above $650M; Palo Alto Prisma AIRS ARR above $100M.

EV / NTM sales vs public clouds, 2 Nov 2026 (NTM growth in brackets; whole company)



Our read

1. **Salesforce.** AI and data ARR of about $4B is 9% of revenue, near Microsoft's 11%, yet it trades at 3.8x vs 9.2x. Investors are weighing AI's threat to seats over the AI revenue already booked.

2. **Oracle.** Counting its $169B of debt, Oracle trades at 4.6x EV/NTM sales, above Amazon and CoreWeave (3.0x) and near Alphabet (5.0x). About 80% of NTM consensus is already in backlog: 13% of the $664B RPO, or $86B, is due within 12 months. Not mis-priced; negative free cash flow explains the gap to Microsoft.

3. **Security.** Palo Alto trades at 20.4x with AI ARR near 1% of revenue: the multiple rests on core growth, with AI as optionality.

4. **Adobe and Intuit.** AI-first ARR is 2.5% of Adobe's revenue and NTM growth is 11-12%; 3.4-3.8x looks consistent with the numbers until AI lifts total growth.

5. **Cash flow.** Salesforce turns 31% of revenue into free cash flow and scores 44% on Rule of 40, above Microsoft's 31%.

Source: company earnings calls (AI run-rates); FactSet Global Prices (market value), Fundamentals (LTM revenue) and Estimates (NTM revenue, mean); our analysis

Appendix: scale, growth and NTM P/S by company

All figures in USD; LTM is the last four reported quarters; NTM revenue is the FactSet consensus mean as of 1 Nov 2026

Company	Market cap ($B)	LTM revenue ($B)	LTM growth	NTM revenue ($B)	NTM growth	NTM P/S	3-yr avg P/S	Peak P/S since Jan-20
Microsoft	3,875.8	346.44	17.9%	422.44	21.9%	9.2x	10.2x	12.2x
Palantir	443.5	7.29	87.1%	11.70	60.5%	37.9x	43.2x	88.7x
Oracle	395.1	71.78	21.6%	107.85	50.3%	3.7x	6.6x	11.1x
Palo Alto Networks	299.3	11.48	24.5%	14.68	27.9%	20.4x	13.2x	22.4x
SAP	272.2	45.75	13.4%	49.64	8.5%	5.5x	6.0x	8.1x
CrowdStrike	256.4	5.40	24.3%	7.04	30.4%	36.4x	21.3x	40.2x
Salesforce	188.6	43.94	11.2%	49.74	13.2%	3.8x	5.6x	10.8x
ServiceNow	109.1	15.43	21.8%	18.74	21.5%	5.8x	11.7x	19.5x
Snowflake	107.9	5.43	32.0%	7.70	41.7%	14.0x	13.4x	93.1x
Fortinet	100.0	7.88	20.2%	8.95	13.6%	11.2x	9.8x	14.9x
Cloudflare	99.9	2.51	33.5%	3.55	41.3%	28.1x	22.3x	77.3x
Adobe	97.4	25.97	12.0%	28.87	11.2%	3.4x	7.2x	18.1x
Intuit	91.2	21.45	13.9%	23.94	11.6%	3.8x	8.0x	14.9x
Cadence Design Systems	90.0	6.13	17.6%	7.18	17.1%	12.5x	15.1x	17.9x
Synopsys	89.6	9.41	46.3%	11.04	17.4%	8.1x	10.5x	15.9x
Median	**109.1**	**11.48**	**21.6%**	**14.68**	**21.5%**	**9.2x**	**10.5x**	**17.9x**

Source: FactSet Global Prices, FactSet Fundamentals (FF_SALES) and FactSet Estimates (NTM SALES, mean); our analysis of FactSet data

Method: how the universe, multiples and growth are built

Definitions behind every figure in this deck and the supporting workbook

Universe and valuation

- **Universe.** The 15 largest listed enterprise software companies by FactSet market value on 2 Nov 2026; Shopify and AppLovin excluded as commerce and ad-tech platforms.
- **NTM P/S.** Month-end market capitalization divided by FactSet consensus mean revenue for the next twelve months, taken on the 1st of the following month. Equity value, not enterprise value.
- **Market capitalization.** Month-end close times split-adjusted shares outstanding. For CrowdStrike, Cloudflare, Palantir and Snowflake, total shares across classes come from FactSet company-level market value.
- **Averages.** 3-year average covers the 36 month-ends from Nov-23 to Oct-26; peaks run from Jan-20.

Growth and ARR

- **Revenue.** FactSet reported quarterly revenue in USD, with fiscal quarters mapped to the calendar quarter holding their middle month. LTM is the last four reported quarters.
- **Growth.** Year-over-year on quarterly revenue and LTM against prior LTM; NTM growth is NTM consensus against LTM. Acquired revenue is included as reported.
- **ARR.** Shown only where a company reports an ARR that FactSet records as an actual: company-level for CrowdStrike (ending ARR) and Adobe (Total Adobe ARR); segment for Palo Alto Networks (NGS ARR).
- **Currency.** SAP uses its XETRA listing converted to USD by FactSet, so its growth includes currency effects.

Source: FactSet Global Prices, Fundamentals and Estimates, pulled 3 Nov 2026; company earnings releases for ARR definitions