

Digital Business Valuation Report

Northwind Analytics (fictional) — SaaS Business

October 15, 2026

Ref: VU-6664

ESTIMATED ARR

\$360K

Annual Recurring Revenue

WEIGHTED VALUATION

\$2.48M

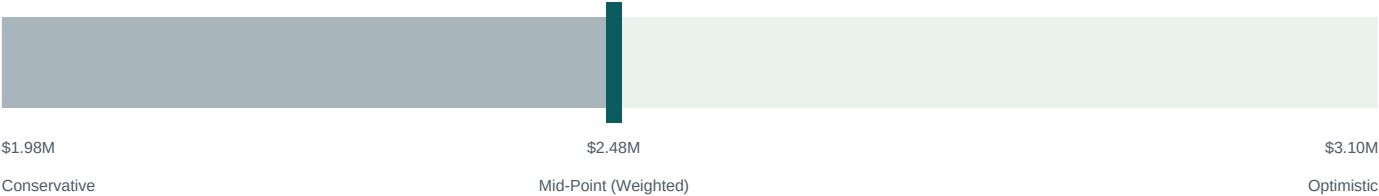
5-method blended value

MULTIPLE RANGE

5.5x–8.6x

Low–High ARR multiple

Estimated Valuation Range



Valuation Methods Summary

Method	Valuation	Weight	Contribution	Confidence
Revenue Multiple (ARR)	\$1,929,600	40%	\$771,840	HIGH
EBITDA Multiple	\$2,431,503	25%	\$607,876	MEDIUM
Discounted Cash Flow (3-Year)	\$3,864,375	20%	\$772,875	MEDIUM
Market Scorecard (Qualitative)	\$2,160,000	15%	\$324,000	MEDIUM
WEIGHTED AVERAGE VALUATION	\$2,476,591	100%	\$2,476,591	

Market context: Flippa 2025 recap (Dec 2025) · Acquire.com Multiples Report (Jan 2026) · Empire Flippers 2026 State of the Industry

Executive Summary

Valuation overview, methodology weights, and market positioning

\$2,476,591

Weighted Mid-Point Valuation

Range: \$1,981,273 – \$3,095,739 · Multiple: 6.88× ARR · SaaS

Market Positioning

Northwind Analytics (fictional) is valued in the above-median range for SaaS businesses, with a blended weighted valuation of \$2,476,591 (range: \$1,981,273–\$3,095,739) across five valuation methods — the Revenue Multiple method yields an ARR multiple of 5.36×, while the DCF analysis supports a standalone intrinsic value of \$3,864,375 based on projected free cash flows. Relative to VestUp's category benchmarks, this business outperforms the 35% growth benchmark and exceeds the 72% gross margin median, positioning it as an above-median asset for financial buyers, strategic acquirers, and search fund operators alike.

Five-Method Valuation Breakdown

Method	Valuation	Weight	Contribution	Confidence
Revenue Multiple (ARR)	\$1,929,600	40%	\$771,840	HIGH
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Market Scorecard (Qualitative)	\$2,160,000	15%	\$324,000	MEDIUM
WEIGHTED AVERAGE (BLENDED)	\$2,476,591	100%	\$2,476,591	

Methods with 0% weight are cross-checks only and are not shown.

Key Value Drivers

- Above-benchmark YoY growth of 42% vs. 35% category average demonstrates strong market traction.
- Net Revenue Retention of 106% — existing customers are expanding their spend, building a compounding revenue base.
- Gross margin of 82% reflects efficient unit economics well above the 72% category benchmark.

Key Risk Factors

- High founder dependency (score 4/5) will require a structured earnout provision, reducing upfront cash at close.

Business Profile & Key Metrics

All 12 input metrics benchmarked against category medians with performance signals

Metric	This Business	Benchmark	Signal
Monthly Recurring Revenue (MRR)	\$30,000	N/A	—
Annual Recurring Revenue (ARR)	\$360,000	N/A	—
YoY Revenue Growth	42%	35	Above Benchmark
Gross Margin	82%	72	Above Benchmark
Monthly Churn Rate	2%	2.5	At/Below Benchmark
Net Revenue Retention (NRR)	106%	>= 100%	Expanding
CAC Payback Period	10 months	<= 12 months	Efficient
Customer Concentration (Top)	25%	<= 20%	Concentrated
Founder Dependency Score	4/5	<= 2/5	High Dependency
Technology Moat Score	3/5	>= 3/5	Defensible
Recurring Revenue Mix	95%	>= 70%	Predictable
Business Age	4 years (48 months)	>= 24 months	Established

Exit Readiness Score



Method 1: Revenue Multiple (ARR)

Values the business as a multiple of Annual Recurring Revenue, adjusted for 8 quality factors specific to digital businesses.

Method 1 Valuation:

\$1,929,600

Weight in final blended value: 40% · Contribution: \$771,840

Key Assumptions

- Base multiple of 5× reflects the midpoint for SaaS businesses in the current M&A market.
- Adjustments applied for growth, margins, churn, NRR, CAC payback, concentration, founder dependency, and tech moat.
- Final multiple of 5.36× is within the 3.5×–6.5× observable range for comparable transactions.
- ARR of \$360,000 computed as MRR × 12.

ARR Multiple Adjustment Waterfall

Factor	Delta	Direction	Rationale
Base Multiple (Category Midpoint)	5×		Starting point
YoY Growth Rate	+0.21×	Lift	
Gross Margin	+0.25×	Lift	
Monthly Churn	+0.06×	Lift	
Net Revenue Retention	+0.03×	Lift	
CAC Payback Period	+0.04×	Lift	
Customer Concentration	-0.07×	Hold-back	
Founder Dependency	-0.15×	Hold-back	
Technology Moat	+0×	Lift	
Final Adjusted Multiple	5.36×		Valuation: \$1,929,600

The Revenue Multiple method is the primary driver (40% weight) of the blended valuation. It applies VestUp's category benchmark multiples, adjusted for the business-quality factors shown above.

Method 2: EBITDA Multiple

Applies an industry EBITDA multiple to implied earnings, reflecting the perspective of PE firms and strategic acquirers.

Method 2 Valuation:

\$2,431,503

Weight: 25% · Contribution: \$607,876

Implied EBITDA — Step-by-Step Derivation

Step	Value	Note
Annual Recurring Revenue (ARR)	\$360,000	MRR × 12
× Gross Margin	82%	As reported
= Gross Profit	\$295,200	ARR × gross margin
× (1 - OpEx Ratio)	60%	Assumed 40% OpEx (staff, infra, S&M)
= Implied EBITDA	\$177,120	Proxy normalized earnings

EBITDA Multiple Range & Adjustment

Item	Value	Context
Category EBITDA Multiple Range	8–18×	SaaS market range, current M&A conditions
Growth vs. Benchmark	42% >= 35%	Growth premium applied (+)
Applied EBITDA Multiple	13.73×	Adjusted for growth trajectory
Implied EBITDA	\$177,120	From derivation above
Resulting Valuation	\$2,431,503	\$177,120 × 13.73×

Why EBITDA Multiples Matter

Private equity firms, search fund operators, and strategic acquirers routinely underwrite acquisitions on an EBITDA basis. Unlike ARR multiples (which reward growth), EBITDA multiples reflect the actual cash generation capacity of the business. This method is particularly relevant for buyers using acquisition financing (SBA loans, search fund equity) who require debt coverage ratios. For SaaS businesses with gross margins above 72%, EBITDA multiples converge with ARR multiples as profitability scales.

- Implied EBITDA of \$177,120 derived from ARR × 82% gross margin × 60% net retention after OpEx.
- SaaS EBITDA multiples range from 8×–18× in the current M&A market.
- Applied multiple of 13.73× adjusted upward/downward based on growth vs. 35% benchmark.
- Assumes 40% operating expense ratio (staff, infra, sales & marketing) as a proxy for businesses without audited financials.

Method 3: Discounted Cash Flow (3-Year)

Projects 3 years of free cash flows at a tapering growth rate and adds a discounted terminal value, reflecting intrinsic business worth.

Method 3 Valuation:

\$3,864,375

Weight: 20% · Contribution: \$772,875

3-Year Free Cash Flow Projection

Metric	Year 1	Year 2	Year 3	Notes
ARR	\$511,200	\$682,963	\$866,544	Growth: 42%, 34%, 27%
FCF Margin	41%	41%	41%	Gross margin × 50% FCF conv.
Free Cash Flow	\$209,592	\$280,015	\$355,283	ARR × FCF margin
PV Factor	0.83	0.69	0.58	Discount rate: 20%
PV of FCF	\$174,660	\$194,455	\$205,604	Discounted free cash flow

Terminal Value Calculation

Sum of PV(FCF) — Years 1-3	\$574,718
Terminal Multiple (Year 3 FCF × 16×)	\$5,684,527
PV of Terminal Value (discounted at 20% for 3 years)	\$3,289,657
Total Enterprise Value (DCF)	\$3,864,375

Key Assumptions

- Year 0 ARR of \$360,000, growing at 42%, 34%, and 27% in Years 1–3 (tapering 20%/yr).
- FCF margin of 41% = gross margin (82%) × 50% FCF conversion rate.
- Discount rate of 20% reflects SaaS risk profile and expected investor return threshold.
- Terminal value = Year 3 FCF × 16× multiple, discounted back at the same rate.

Method 4 Valuation:

\$2,160,000

Weight: 15% · Contribution: \$324,000

Composite Score: 70/100 (70%)

Dimension	Score	Visual	Comment
Revenue Predictability	10/10		Predominantly recurring revenue — highly...
Growth Trajectory	6/10		Growing at 42% vs. 35% category benchmar...
Margin Quality	8/10		82% gross margin is competitive for SaaS...
Customer Retention	5/10		NRR of 106% and monthly churn of 2% indi...
Market Size & Opportunity	8/10		SaaS businesses operate in large, fast-g...
Competitive Moat	6/10		Moderate moat score (3/5) — limited barr...
Team & Operations	4/10		High founder dependency (4/5) requires s...
Revenue Diversification	7/10		Top customer at 25% creates concentratio...
Business Maturity	8/10		4 years of operating history demonstrate...
Exit Readiness	8/10		High recurring revenue and solid NRR mak...
TOTAL COMPOSITE SCORE	70/100		

Score to Valuation Mapping

0–30%	0.7×	Significant concerns across multiple dimensions
30–50%	0.9×	Below-average quality — buyers apply discount
50–70%	1.0×	Average profile — neutral premium/discount
70–90%	1.2×	Above-average — growth premium justified
90–100%	1.5×	Exceptional — top-quartile, premium buyers compete

Note: The Scorecard method captures qualitative factors that financial models miss — team quality, moat, exit readiness, and revenue predictability. Scores use VestUp's 10-dimension scorecard weights.

Published Category Benchmarks

Annual profit multiples (SDE / EBITDA) from named public sources

CATEGORY	AVERAGE	TOP QUARTILE	TYPICAL RANGE
SaaS (your category)	2.7x	5.8x	2.5-6.0x
Content sites	2.6x	5.5x	2.5-5.5x
Marketplaces	2.5x	4.5x	2.5-4.5x
Apps	2.4x	5.4x	2.0-5.5x
E-commerce	1.4x	2.7x	1.0-3.0x
Agencies & services	1.2x	2.1x	1.0-2.5x

Reading this table

Average and top-quartile figures are Flippa 2025 category averages. The typical range runs from the average to the top-quartile average, rounded outward to the nearest 0.5x. Acquire.com reports a 3.9x median confirmed profit multiple for SaaS in 2024 and 2025. Empire Flippers reports an all-model average sale of about 2.0x annual profit (23.93x monthly). These are profit multiples. The weighted valuation in this report blends five methods on your inputs; see the methodology page for how the two relate.

SOURCE S1: Flippa – Online Business M&A Insights: 2025 Recap & 2026 Outlook.
<https://flippa.com/blog/2025-online-business-ma-insights-from-flippa/>

SOURCE S2: Acquire.com – Biannual Acquisition Multiples Report (Jan 2026).
<https://blog.acquire.com/acquire-com-biannual-acquisition-multiples-report-jan-2026/>

SOURCE S3: Empire Flippers – 2026 State of the Industry Report.
<https://info.empireflippers.com/hubfs/2026%20Lead%20Magnets/2026%20State%20of%20the%20Industry%20Report.pdf>

METHODOLOGY LAST UPDATED 2026-10-15. vestup.co/methodology

Sensitivity Analysis

Valuation impact of YoY growth rate and gross margin scenarios (plus/minus deltas from base case)

5×5 Sensitivity Matrix — YoY Growth (rows) vs. Gross Margin (columns)

Growth	Margin -10%	Margin -5%	Margin Base	Margin +5%	Margin +10%
-10%	\$2.02M	\$2.12M	\$2.21M	\$2.30M	\$2.39M
-5%	\$2.12M	\$2.22M	\$2.31M	\$2.41M	\$2.51M
Base	\$2.22M	\$2.32M	\$2.48M	\$2.58M	\$2.68M
+5%	\$2.37M	\$2.48M	\$2.59M	\$2.70M	\$2.81M
+10%	\$2.48M	\$2.59M	\$2.71M	\$2.82M	\$2.93M

Base Case (your current inputs)

Highest valuation (darkest teal)

Lowest valuation (lightest mint)

Key Insight

A +10% improvement in gross margin adds approximately \$204K to your mid-point valuation at constant growth.

The full growth rate swing (-10% to +10%) at constant margin creates a valuation range of \$2.21M–\$2.71M.

Value Drivers & Risk Factors

Top factors increasing and compressing your valuation

Top Value Drivers

Driver 1	Above-benchmark YoY growth of 42% vs. 35% category average demonstrates strong market traction.
Driver 2	Net Revenue Retention of 106% — existing customers are expanding their spend, building a compounding revenue base.
Driver 3	Gross margin of 82% reflects efficient unit economics well above the 72% category benchmark.
Driver 4	Monthly churn of 2% at or below the 2.5% benchmark signals strong product-market fit.

Key Risk Factors

Risk 1	High founder dependency (score 4/5) will require a structured earnout provision, reducing upfront cash at close.
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How Buyers Use This Analysis

Financial buyers (private equity, search funds) model each value driver as a margin of safety in their acquisition price, while strategic acquirers pay for synergies that can offset risk factors. Understanding your specific driver/risk profile allows you to time your exit optimally — maximizing upfront consideration and minimising the earnout component that sellers typically receive only if post-close performance targets are hit. A VestUp strategy call can turn these factors into a 90-day plan. See vestup.co/advisory.

90-Day Exit Readiness Roadmap

Steps to raise your valuation before going to market

Overall Exit Readiness Score: 68%



Action Item	Description	Impact	Days	Priority
Audited / CPA-Reviewed Financials	Engage a CPA to review or audit your P&L and balance sheet	HIGH	30d	P1
Normalise Add-backs & Owner Compensation	Document all owner discretionary expenses and one-time costs	HIGH	7d	P1
Revenue Attribution Dashboard	Build a clean MRR dashboard segmented by cohort, plan, and geography	HIGH	5d	P1
Reduce Founder Dependency	Document key processes in a Standard Operating Procedure	HIGH	60d	P1
Legal & IP Audit	Ensure all software, content, and brand IP is held in the company name	MEDIUM	14d	P2
Data Room Preparation	Organise a virtual data room: financials, contracts, emails, etc.	MEDIUM	10d	P2
Customer Contract Review	Ensure all customer contracts include assignability clauses	MEDIUM	7d	P2
Tech Stack & Infrastructure Documentation	Produce a 1-page architecture diagram and a 2-page network diagram	LOW	5d	P3
Traffic & SEO Audit	Run an SEO health check and verify that organic traffic is not over-relied on	LOW	7d	P3

Plan the sale with a specialist.

Book a strategy call: vestup.co/advisory#call

VestUp Advisory Services

Three fixed-fee engagements, each starting from this report

Strategy call

\$199

45-minute session

- Walkthrough of your valuation report
- Buyer types for your business model
- Deal structures: asset sale, share sale, earn-out
- Exit timeline and milestones
- The value levers to act on before listing
- Written summary within 24 hours

Financial model and CIM

\$499

Fixed fee

- Five-year P&L, cash flow and balance sheet model
- DCF with growth, margin and discount-rate sensitivity
- KPI dashboard: MRR, churn, CAC, LTV
- CIM outline, 10 to 12 pages
- Two rounds of revisions
- Delivered in Excel and Google Sheets

Full advisory mandate

\$1,500

+ 1-2% success fee on completion

- The strategy call, model and CIM
- Pitch deck, 12 to 15 slides
- Buyer shortlist, GCC and international
- NDA handling and first-meeting coordination
- Negotiation support and term-sheet review
- Three months of email and WhatsApp access

Get started

Email hello@vestup.co or see vestup.co/advisory. Scope and fees are agreed in writing before any payment.

The success fee is due only if the sale completes. The exact rate is set in the mandate letter.

Methodology & Data Sources

How VestUp computes valuations and where the benchmark data comes from

Valuation Methodology

VestUp computes digital business valuations using a five-method weighted blending approach. The four methods contributing to the final value are: (1) Revenue Multiple — 40% weight, using the engine's category revenue multiples adjusted for 8 business-quality factors; (2) EBITDA Multiple — 25% weight, a profit-based view of the same business; (3) Discounted Cash Flow — 20% weight, projecting 3 years of free cash flows with a terminal value; and (4) Market Scorecard — 15% weight, scoring 10 qualitative dimensions against category benchmarks. The Transaction Comparables method is a cross-check only and does not contribute to the weighted value. For public market context, see the reference reports listed below.

Public Market References

#	Source Name	URL
S1	Flippa 2025 recap (Dec 23, 2025)	flippa.com/blog
S2	Acquire.com Multiples Report (Feb 11, 2026)	blog.acquire.com
S3	Empire Flippers 2026 State of the Industry	empireflippers.com

Weighting Rationale

The 40/25/20/15 weighting reflects the relative reliability of each method for digital/online businesses. The Revenue Multiple gives a market view. EBITDA captures cash generation. DCF gives an intrinsic view from projected cash flows. The Scorecard brings in qualitative factors: moat, team and exit readiness. Full sources, aggregation method and limitations: vestup.co/methodology (last updated 2026-10-15).

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