

AI Is Changing SaaS M&A Diligence as Buyers Test Whether Customers Can Build Internally

L40°'s new SaaS Exit Playbook names the five AI risks that now decide the exit multiple, starting with whether a target's own customers could replace it.

MIAMI, FL, UNITED STATES, August 25, 2026 /EINPresswire.com/ -- For years, buyers assessing a software company asked questions around the customer's switching costs and whether a well-funded competitor could out-build it. In tech M&A deal conversations now, L40° advisors say a sharper question is surfacing earlier in the process: could the target's own customers rebuild a good-enough version themselves with off-the-shelf AI, and stop paying?

“

The threat founders prepare for is a competitor with a better model. The threat buyers actually price is the customer who no longer needs to buy.”

Ignacio Villanueva, Partner at L40°

That question is one of the issues examined in [The SaaS Exit Playbook](#), a new guide from L40°, a cross-border sell-side M&A and debt advisory firm serving software, tech,

and AI founders across the United States, Europe and Latin America. The Playbook breaks down the factors that shape SaaS valuations at exit (growth, retention, profitability, revenue risk, competitive moat and deal readiness) and how founders can protect the multiple they have earned once diligence begins.

“The threat founders prepare for is a competitor with a better model. The threat buyers actually price is the customer who no longer needs to buy,” said Ignacio Villanueva, Partner at L40°. “As the bar to build internally falls, the bar to buy rises. Under our AI resilience and defensibility framework, the most defensible software has vertical depth, proprietary data, and system-of-record status; things a general model cannot reproduce over a weekend.”

The concern is not hypothetical. In its 2026 M&A Report, Bain & Company found that 75% of strategic acquirers now assess AI's impact on a target and at least one in five have walked away from a deal as a result. L40°'s view is that the decisive test inside that scrutiny has narrowed: buyers are no longer satisfied by a broad “AI-resilient” label, and instead probe exactly how hard the product would be for its own users to replace.

The five AI risks that move the multiple

Drawn from L40°'s AI resilience and defensibility framework, the Playbook sets out the five specific AI risks buyers now test for:

1. Thin moat: A shallow layer over a public model, with no proprietary data, so the core product is easy to recreate.
2. Easy to rebuild: A customer or rival could recreate a good-enough version quickly with off-the-shelf AI.
3. Single-model dependency: The company is captive to one provider's pricing and roadmap.
4. Commoditizing fast. Competitors can ship the same feature within weeks.
5. Margin squeeze. Compute costs rise faster than the company can price.

Each maps to something a buyer can verify in diligence. The firm notes that churn data is often the giveaway, as buyers examine whether customers are leaving for third-party tools or replacing the product by building their own internally. Gross margin is another tell, as buyers increasingly ask where margin lands once AI compute is fully loaded, before diligence rather than during it.

What moves the multiple, and how to protect it

AI defensibility is one piece of a much broader exit equation. Part I of the Playbook covers the five value dimensions buyers pay for: growth and retention, profitability and efficiency, revenue risk and structure, competitive moat and market, and deal and exit readiness. It ends with The L40° Exit Scorecard, a self-assessment that lets founders grade their business across the same factors an acquirer will eventually scrutinize.

Part II turns to protecting that value once a process begins, with a diligence-readiness checklist covering financial, legal, technology, commercial, people and compliance. Earning a strong multiple is one thing; keeping it through diligence is another.

"Most retrades don't come from the business being weak, they come from surprises," said Manuel Amor, Partner at L40°. "If you know where buyers will push before they do, you can address those risks before they become reasons to retrade the deal."

A cross-border lens

The logo for L40° is displayed in a large, white, sans-serif font against a solid black rectangular background. The characters 'L', '4', and '0' are of uniform height, while the degree symbol '°' is smaller and positioned to the upper right of the '0'.

L40° is a Miami-based M&A firm focused on sell-side advisory for AI and software companies

L40° advises software, tech, and AI founders with \$5M to \$100M in ARR on sell-side M&A, through a four-phase approach it calls The L40° Sell-Side Process: Prepare & Position, Targeted Outreach, Drive Negotiations, and Execute & Close. With offices in Miami, Lisbon, and Madrid, the firm advises founders preparing for both US and European buyers, whose diligence standards and read on AI risk often differ.

The SaaS Exit Playbook is available now at l40.com/saas-exit-playbook. Founders exploring a sale can request a confidential conversation through the firm's [sell-side advisory practice](#).

About L40°

[L40° is a cross-border](#) sell-side M&A and debt advisory firm focused on software, tech, and AI founders. Created with a cross-border focus connecting founders across North America and Europe, two ecosystems linked by latitude 40° North, the firm guides founders through key milestones with strategic M&A and debt advisory. Drawing on deep experience as founders, operators, and investors, the L40° team has closed more than 180 transactions across the software and tech sector over the past 20 years, with a transaction footprint spanning 15+ countries. L40° has offices in Miami, Lisbon, and Madrid. Learn more at l40.com.

Andrea M Balletbo

L40 Partners Inc

andrea.b@l40.com

Visit us on social media:

[LinkedIn](#)

This press release can be viewed online at: <https://www.einpresswire.com/article/936917118>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire, Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2026 Newsmatics Inc. All Right Reserved.