

# With 25 acquisitions to date, Confirma Software knows about buying to build



*Jarle Mørk is the CEO of Confirma Software, a Nordic platform focused on acquiring high-performing enterprise software companies. Confirma Software provides tailored solutions for SME customers across diverse sectors, including point-of-sale systems, mobile payments, specialised manufacturing, maintenance, and construction. The company is backed by Abry Partners, a Boston-based private equity firm.*

## **Could you share a bit about your career? You were primarily an advisor previously, is that right?**

I did have a couple of real jobs in the computer and software industry. I started with Commodore Computers, working in sales and then logistics. I eventually became head of logistics for Scandinavia. In 1993, I joined Scala Computer Television, a Norwegian startup, as Nordic sales director, and later became the VP of sales.

After that, I co-founded an advisory firm focused on tech and worked there for 22 years. Finally, in early 2019, I joined Confirma Software.

## **What was it like moving from advisory to leading a buy-and-build platform?**

It was quite a shift. We're not a traditional PE firm; we're a buy-and-build platform owned by a PE investor. My role is very operational and heavily focused on transactions. Looking

back, the move was daunting, even though I didn't realise it at the time.

Building a company from scratch is one thing but doing it through about 25 acquisitions, each with its own background and culture, is another. Even though they're all in software, in the Nordics, and have a tech focus, the differences in products, customer bases, and stories are significant. And now I'm leading a company with 560 employees across 25 locations, each with their own flavour of culture. It's been a steep learning curve, but I wouldn't trade the experience.

## **Has your perspective on analysing targets changed?**

Absolutely! I think we have become much better at understanding whether a company is truly growth-oriented. There's a tendency to look at the financials for a few years and say, "Wow, they're growing." But that's not always the

case. Sometimes it's just one big customer or a temporary trend driving those numbers.

Now we dig deeper. Is it real, sustainable growth? Or just a blip? That's what we're better at recognising now.

The only true measure of growth is new customers. If a company isn't consistently winning and growing its customer base, it's not truly a growth company, no matter what the financials say. For example, if a business has had the same 50 customers for years, even if revenue is increasing, that's not sustainable growth. New customers are the real indicator.

### **Competition is so high for good assets – how does Confirma compete?**

Execution. It's all about how well you execute. We don't have a unique business model – most businesses don't. The difference is whether you execute better than your competition.

For example, I travelled eight hours in a single day to visit a potential acquisition. Why? Because meeting founders in person, sitting in their office, and having lunch together makes them far more likely to agree to a deal than if we just held the same discussion on a Teams call. Anyone can buy a company if they're willing to overpay, but that's not what we do.

You have to sell the story – talk about what their life will look like after the transaction, how their employees will be treated, and what the future of their product will be. That's what I call execution. And then we must also execute operationally after the deal to ensure we create value. Execution is everything.

### **Do companies find comfort in being acquired by a Nordic platform?**

For sure. In just five and a half years, we've made 25 acquisitions, and all of those companies are still doing well. Founders see that we understand their market, their customers, and their challenges. We speak their language, literally and figuratively, and that gives them confidence.

### **When you worked in advisory, you used to say that all your clients dreamt of selling to Google. Do you still encounter founders who dream of selling to Google or similar companies?**

A little less than before, but we're not really in that part of the market. We deal with more mature companies whose founders have built great businesses, not fast-growing unicorns. They've shifted their expectations and value long-term customer relationships and profitability. These founders understand that their businesses are better suited to a buyer like us than to giants like Google or Microsoft.

### **How does the Nordic software market compare to the rest of Europe or the US?**

The Nordics have an incredible number of small, vertical market software companies, many of which have just EUR 2 million in revenue or even less. It's a very fragmented market because most companies stay national or even regional.

There's still a huge opportunity here because so many of these founders never tried to expand internationally, not even to neighbouring Nordic countries. That's where we come in. When a company joins Confirma, they don't have

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to worry about setting up a sales force or a market presence in another country. We handle all of that, and they just focus on adapting their product to a new market, like adding language support.

### **Are you looking to expand beyond the Nordics, into northern Europe for example, and what sectors are you interested in?**

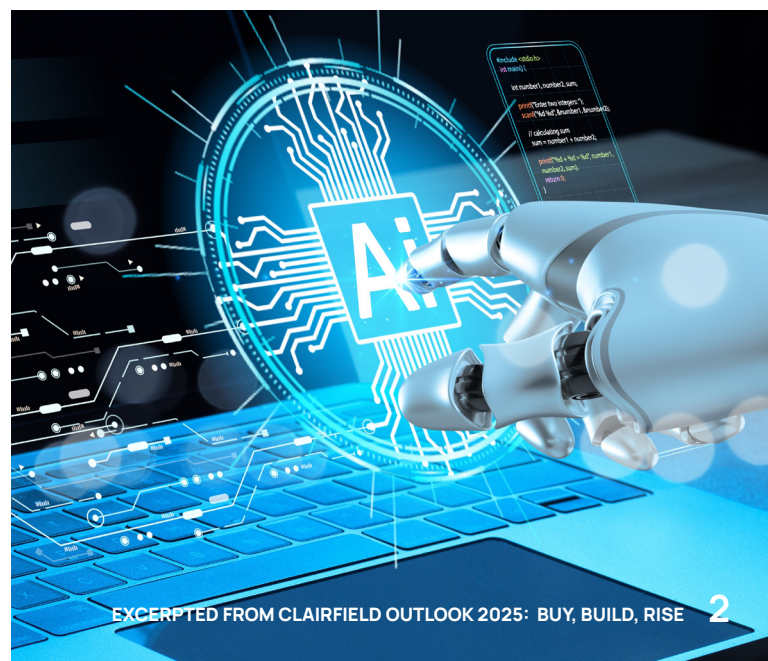
Most likely, yes. Germany, Poland, and the Baltics are the next logical steps for us. The Benelux countries and the UK are also possibilities, but they're more crowded markets. That's why our focus is on less saturated areas like Poland and the Baltics.

In terms of sectors, we're focusing more on HRM (human resource management) such as employee satisfaction, retention, recruiting, and career development. These are crucial areas for companies of all sizes, and there's a lot of value to create there.

Workforce management, including scheduling, labour utilisation, and field service management, is another key area. These are close to HRM and have huge potential for us. We're really interested in going deeper into all of these areas.

### **What kind of multiples are you willing to pay, and what's typical in the industry?**

Multiples can range up to 30 times, but we're seeing fewer extreme valuations now. For high-growth businesses, you



might still see 8–10 times ARR, but those are rare. Our model focuses on mature businesses, typically in the 3–4 times recurring revenue range. These companies are profitable but need investment in their organisation or technology.

It's a more modest range, but it works for us. We've acquired 25 companies in five years, so the model is clearly sustainable.

**Any particularly notable acquisitions, whether successful or challenging?**

One that stands out is a Norwegian company we acquired about three years ago. It's become the platform for several of our ERP products and exceeded our expectations in terms of its technology and potential.

This acquisition solved a lot of challenges we had, including technology debt in some of our other operations. It's now the foundation for much of what we're building, so I'd call it a real success.

**Do you oversee integration of your acquired companies? How do you retain key people in your target companies after acquisition?**

Yes, as CEO, I oversee everything, but not all the nitty-gritty anymore. Thankfully, we have a great team for that. It's become almost clockwork now. After so many acquisitions, we've become pretty good at it, but of course, each one still has its unique challenges.

As for retaining people, there's no single answer. It depends on the individuals, but we use several approaches. For example, we offer rollover investments, bonuses, and incentive programmes. More importantly, we make sure they feel challenged and excited about their work. Expanding their product from being just a national success to having a Nordic or even international reach really motivates them. It's about growth, ambition, and yes, having a bit of fun along the way.

**How is artificial intelligence impacting your business and your companies today?**

AI affects us on three levels: customers, product development, and internal operations.

On the customer side, we ask how we can use AI to create more value for our SME customers. The challenge is that SMEs aren't yet willing to pay more just because we use AI.

On the product development side, we see a big opportunity to use AI to enhance our productivity. That's a key area of focus for us.

In terms of the impact on our own operations, the real dollar value of AI is still limited in the short-term for a company like ours that is focused on the SME market. The timeline to see substantial business benefits from AI is longer than you might expect based on all the hype.

**Looking ahead, how do you see the software industry and the economy in 2025?**

The software industry will continue to grow. There's so much untapped potential. I'll give you a small example: we recently met a prospective customer who manages service bookings for cars. When we asked how they currently manage the bookings, they said, "Oh, we just use pen and paper."

This small example is why the software industry has decades of healthy growth ahead of it. There's still so much to modernise. ■



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