



Blackbaud Inc (BLKB) — Research Summary

Technology | Software - Application | 2026-08-04

Price: \$45.50

Signal: BUY (7.60/10)

Market: bull_tech

Blackbaud Inc (BLKB) — Equity Research Summary

Sector: Technology (Application Software) | **Price:** \$45.50 | **Market Cap:** \$2.0B | **52-Week Range:** \$25.58–\$70.71

1. Company Overview & Investment Thesis

Blackbaud is the leading software provider for nonprofits, schools, foundations, and other social-impact organizations, combining subscription software, integrated payments, and purpose-built workflows. The company is interesting now because it is aggressively repositioning itself as an "AI-first" platform — rolling out embedded "Agents for Good" digital assistants — while trading at a deeply discounted forward valuation following a Q2 earnings beat that sent shares up over 20% in a single session.

2. Fundamental Snapshot

Valuation: Blackbaud looks inexpensive on several measures. Trailing P/E is ~13.9 and forward P/E is just ~8.1, a steep discount to typical application-software peers that often trade at 20x+. EV/EBITDA sits near ~10x (EV \$3.1B / EBITDA ~\$0.3B), and P/S is a modest 1.75x. These metrics suggest the market is pricing in slow growth rather than pricing in the AI upside.

Earnings Trend: The company has beaten estimates in each of the last four quarters, most recently posting Q2 2026 non-GAAP EPS of \$1.33 (organic revenue +3% to \$291M, adjusted EBITDA margin ~38%). Management now expects full-year 2026 results in the **upper half** of guidance — a constructive directional signal.

Growth & Margins: Growth is the soft spot. Reported revenue has been roughly flat to slightly negative year-over-year (-1.6% in the latest quarter), though organic growth was positive at +3%. Profitability is solid: gross margin ~61%, operating margin ~21%, and net profit margin ~13%.

Balance Sheet: Leveraged. Total debt of ~\$1.2B against minimal cash and thin equity produces a high debt-to-equity ratio — a net debt position that warrants monitoring, though cash generation supports ongoing buybacks (~\$0.1B).

3. Technical Outlook

At \$45.50, the stock sits in the **middle of its 52-week range**, roughly 78% above the \$25.58 low but still ~36% below the \$70.71 high. Momentum has turned distinctly positive following the 20%+ post-earnings surge, reversing prior weakness.

- **Support:** near recent consolidation lows in the high-\$30s, with stronger long-term support toward the mid-\$20s.
- **Resistance:** the low-\$50s (near the \$53 analyst target), then a longer climb toward the \$70 prior high.

The recent breakout suggests building momentum, but the stock still has room to run before reclaiming its highs.

4. News & Sentiment

Overall Sentiment: Slightly Bullish

Recent news flow (16 articles in 30 days) is heavy and constructive, centered on three themes:

1. **AI transformation** — Blackbaud is embedding supervised "Agents for Good" across fundraising, education, and finance workflows, positioning AI as a driver of recurring revenue and its next growth engine.
2. **Earnings beat, revenue miss** — Q2 delivered better-than-expected profit but softer revenue, keeping the "cheap stock, slow growth" debate alive.
3. **Brand and market recognition** — Named to TIME's America's Best Companies of 2026, alongside new partnerships in higher education and K-12.

The prevailing market narrative: *a stable, profitable niche leader trying to reignite growth through AI, available at a bargain valuation if execution delivers.*

5. Bottom Line

Aerondight Systems Signal: BUY (7.60/10)

- **Thesis:** A profitable, entrenched market leader trading at a single-digit forward P/E, with AI product momentum and consistent earnings beats offering meaningful upside if organic growth accelerates.
- **Upcoming Catalyst:** The annual customer conference (teased new AI functionality) and next quarterly results, which will test whether AI adoption translates into faster revenue growth and confirm upper-half guidance.
- **Risk Level: Medium** — Attractive valuation and improving momentum are offset by flat headline revenue, elevated leverage, and execution risk on the AI pivot. Analyst consensus (2 Buy / 3 Hold / 1 Sell, \$53 target, +17% upside) reflects this balanced, wait-and-see stance.

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