

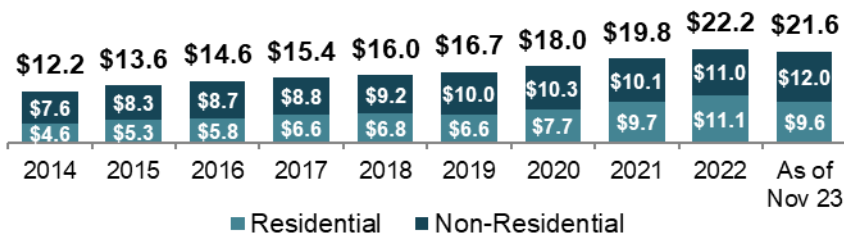
# Construction Tech Market Monitor



## CONSTRUCTION TECH ACTIVITY AND TRENDS

### Construction Industry Spending Sees Continued Momentum

**U.S. Construction Industry Spending (\$T)**



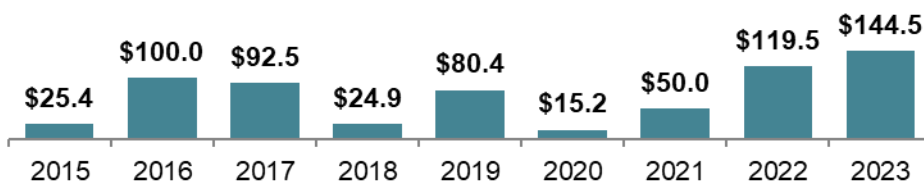
Construction industry spending in the United States has grown at a CAGR of ~6% from 2014 - 2022. The percentage of non-residential construction spending as a percent of the total, as of Nov 2023, has been driven by the influx of investment in infrastructure such as new roads, EV battery facilities, and chip manufacturing plants

### Investment Drives Demand for Increased Efficiency Through Digital Technologies

- Investment in Construction Tech is driven by several factors, including the deploying of technology to address the shortage of skilled labor positions, historical underinvestment in tech solutions compared to tangential industries (~1.7% IT budget as a percent of revenue compared to ~2.3% for energy and ~2.1% for manufacturing), supply chain management considerations, and lackluster productivity across the industry
- Global demand for long-term construction remains strong, as evidenced by the signing of the United States' \$1.2T Infrastructure Investment and Jobs Act in 2021 and Europe's NextGenerationEU in 2020
- Strategic acquirers such as Trimble, Procore, and Autodesk have been actively pursuing construction tech investments, highlighting a willingness and ability to pay a premium for high-quality businesses

The accelerated growth of AEC tech is reflected by the increased median deal size of AEC tech M&A transactions, which has increased 470% since 2015

**Median M&A Deal Size in Architecture, Engineering, and Construction (AEC) Tech (\$M)**



### Key Technology Trends in the Construction Industry



**Augmented reality (AR) improving training and safety**

AR combines interactive elements with real-world objects via technology such as a smartphone camera. AR can be used to improve the training process and increase safety and efficiency across jobsites



**Wearable technology and connected workstreams to streamline processes**

Connected jobsites have become the norm, with contractors implementing connected devices to assess worker safety, create worksite efficiencies, and be able to better manage jobsites



**Virtual reality (VR) for risk mitigation**

Contractors are able to view jobsites virtually before they physically exist, allowing contractors to identify key focus areas and drive on-the-job efficiency

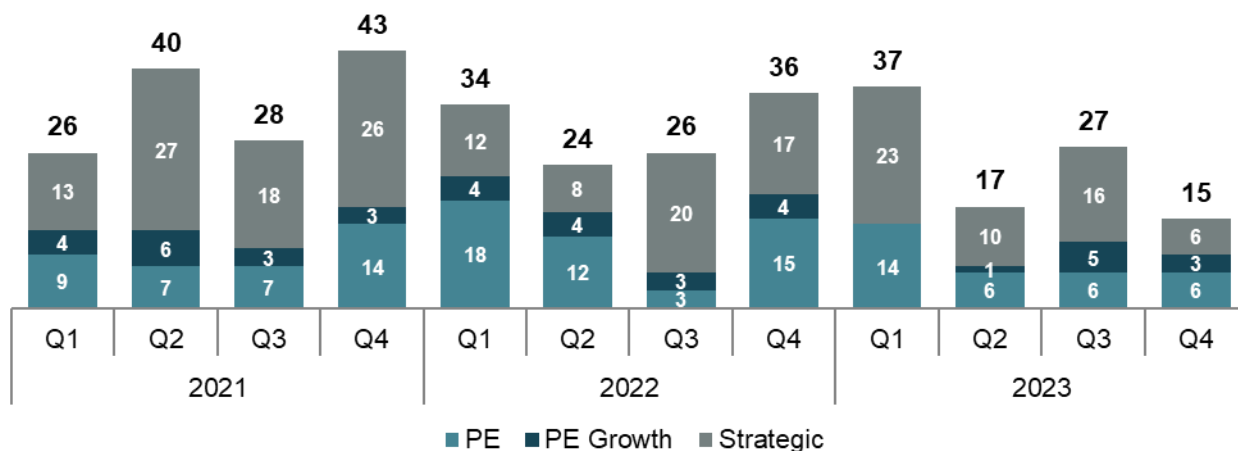


**Building information modeling (BIM) for planning and design**

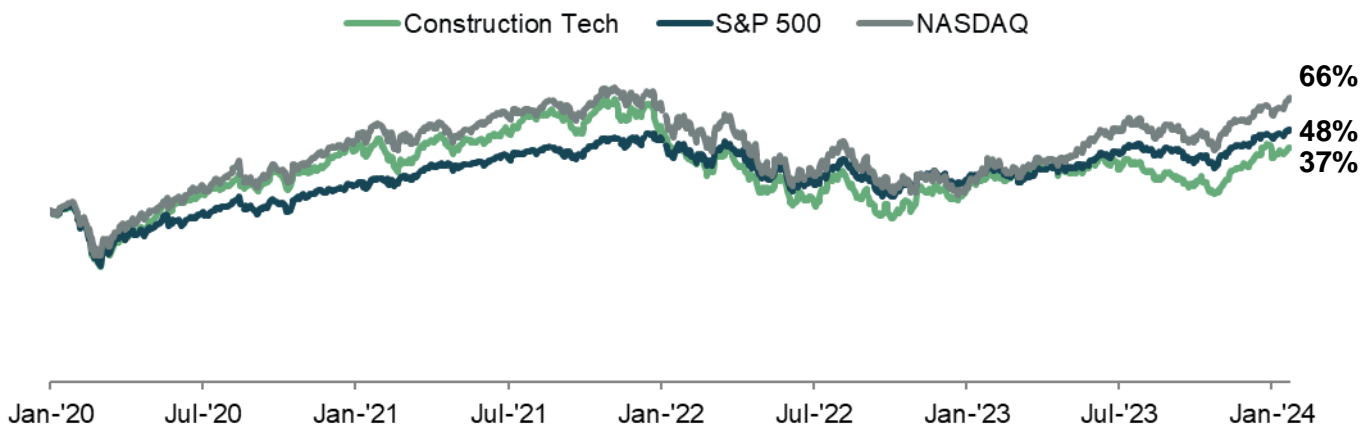
BIM tools can help identify potential conflicts and errors in the design phase, which mitigates the risk of rework during a project

## CONSTRUCTION TECH: M&A Trends and Key Takeaways

### M&A Activity (Deal Count) – Construction Tech



### Construction Tech Index<sup>1</sup>



### Key Commentary: Market and Valuation Trends



- Although M&A activity has been down compared to post-COVID highs, valuations in both the private and public markets continue to rise with Construction Tech public valuations increasing 37% since January 2020



- Recent commitments to infrastructure development as seen in the US's \$1.2T Infrastructure Investment and Jobs Act and record levels of dry powder available to private equity firms will increase interest and speed up deal activity in the Construction Tech space in 2024



- The Construction Tech market remains highly fragmented, with opportunities for platform creation via a buy-and-build strategy or through organic market share capture

## CONSTRUCTION TECH SELECTED M&A ACTIVITY

### Highlighted Construction Software M&A Transaction



#### Pamlico Invests in Beck Technology

**Nov 2023** **Target Description:** Beck Technology is the leading preconstruction platform for contractors. Beck develops a construction estimating software intended to fundamentally rework the commercial construction conceptual modeling and estimating process

**Investment Rationale:** This investment allows Pamlico, which has significant operating expertise with founder-owned software businesses, to assist Beck with its next phase of growth in the expansion of its product platform and build a best-in-class, integrated preconstruction solution

### Highlighted Workplace Management Software M&A Transaction



#### Johnson Controls Acquires FM:Systems

**July 2023** **Target Description:** FM:Systems is an all-in-one developer of workspace management software intended for facilities and real estate buildings. The company's cloud-based platform offers computer-aided facility management that improves the maintenance, leases, property reservation, and strategic planning

**EV**  
\$455M

**Investment Rationale:** The acquisition adds a complementary cloud-based SaaS digital workplace management capability to Johnson Controls' leading OpenBlue digital buildings software portfolio that will improve building efficiency and reduce operational costs

### Highlighted Building Information Modeling M&A Transaction



#### Asite Acquires 3D Repo

**April 2023** **Target Description:** 3D Repo is a SaaS platform for Building Information Modeling coordination. 3D Repo is transforming how construction projects are designed and delivered by mitigating risk and reducing complexity for architects, engineers, and contractors

**Investment Rationale:** This acquisition strengthens Asite's position as a digital engineering market leader. Additionally, it is part of Asite's ongoing expansion strategy and highlights its commitment to innovation and technology in the construction industry

**CONSTRUCTION TECH MARKET MAP by Project Stage**



Before	Project Lifecycle			After
Planning	Design	Estimating/Procurement	Construction	Operate
<p>Mapping/ Surveying</p> <p><b>esri</b> <b>PlanGrid</b> (Autodesk)</p>	<p>CAD / BIM</p> <p><b>AUTODESK</b> <b>Bentley</b> <b>CAUSEWAY</b> (Five Arrows) <b>DASSAULT SYSTEMES</b> <b>Glodon</b> <b>NEMETSCHek GROUP</b> <b>RIB</b> (Schneider)</p>	<p>Takeoff and Estimating</p> <p><b>ACCUBID</b> / <b>LiveCount</b> (Trimble) <b>HeavyBid</b> (HCSS) / <b>Command Alkon</b> <b>Sage</b> / <b>ProEst</b> (Autodesk) / <b>CAUSEWAY</b> (Five Arrows) <b>B2W</b> (Trimble) / <b>BLUEBEAM</b> (Nemetschek)</p>	<p>Project Management</p> <p><b>VIEWPOINT</b> (Trimble) / <b>DEXTER+CHANEY</b> / <b>Sage</b> <b>PROCORE</b> / <b>CAUSEWAY</b> (Five Arrows) <b>VICO SOFTWARE</b> (Trimble) / <b>HONEST BUILDINGS</b> (Procore) <b>COINS</b> (The Access Group) / <b>INEIGHT</b> (Kewit) / <b>SUB</b> <b>ORACLE</b> Aconex / <b>Projectmates</b> (Hexagon) / <b>Textura</b> (Oracle) <b>Explorer</b> CONSTRUCTION SOFTWARE (JDM) / <b>RIB</b> (Schneider) / <b>CMiC</b></p>	<p>Facility Management</p> <p><b>ACCRUENT</b> (Fortive) <b>Serraview</b> (JMI) <b>AssetWORKS</b> (Constellation) <b>Brightly</b> (Siemens) <b>CAUSEWAY</b> (Five Arrows) <b>fm:systems</b> (Johnson Controls) <b>FSI</b> <b>office</b> (Waud Capital) <b>Planon</b> Building Connections (Schneider – 25%) <b>PubWorks</b> The Software For Public Works (gWorks)</p>
<p>Pre-Qualification/ Lead Generation</p> <p><b>DODGE DATA &amp; ANALYTICS</b> (Clearlake/Symphony) / <b>houzz</b> <b>GORDIAN</b> (Fortive) / <b>CONSTRUCT SECURE</b> (Summit) <b>fiSqFt</b> / <b>construct connect</b> (Roper)</p>	<p>CAD / Mobile BIM</p> <p><b>Trimble</b> <b>BLUEBEAM</b> (Nemetschek) <b>Bentley</b> <b>AUTODESK</b> <b>Trimble</b></p>	<p>Procurement</p> <p><b>Trimble</b> / <b>e-Builder</b> / <b>VIEWPOINT</b> / <b>DEXTER+CHANEY</b> <b>Bentley</b> / <b>Sage</b> / <b>NEMETSCHek GROUP</b> <b>ASITE</b> / <b>HONEST BUILDINGS</b> (Procore) / <b>CAUSEWAY</b> (Five Arrows) <b>JONES</b> Software for Life (Constellation)</p>	<p>Project Collaboration</p> <p><b>Dataforma</b> / <b>CONTRACTOR FOREMAN</b> (Bain/HGGC) / <b>penta</b> (Braemont) <b>coCONSTRUCT</b> A Submittal Company / <b>Buildertrend</b> (Bain/HGGC) / <b>REDTEAM</b> (Braemont) <b>ACCULYNX</b> / <b>Leap</b> / <b>JOBPROGRESS</b> (Nexa Equity) / <b>PlanGrid</b> (Autodesk) <b>Trimble</b> / <b>e-Builder</b> / <b>VIEWPOINT</b> <b>PROCORE</b> / <b>Trimble Connect</b> <b>ORACLE PRIMAVERA</b> / <b>ASITE</b></p>	
<p>Invitation to Bid</p> <p><b>PROCORE</b> / <b>BIDMAIL</b> <b>Dropbox</b> <b>construct connect</b> (Roper) / <b>box</b> <b>BUILDINGCONNECTED</b> (Autodesk) <b>Textura</b> / <b>GradeBeam</b> (Oracle)</p>		<p>Plan Management</p> <p><b>NEWFORMA</b> (Battery) / <b>PROCORE</b> <b>BLUEBEAM</b> (Nemetschek) <b>PlanGrid</b> / <b>AUTODESK</b></p>	<p>Daily Reporting/ Field Management</p> <p><b>PlanGrid</b> (Autodesk) / <b>VIEWPOINT</b> (Trimble) / <b>B2W</b> (Trimble) <b>FieldAware</b> (GPS Insight / Accel-KKR) / <b>buildup</b> (Stanley Black &amp; Decker) / <b>RHUMBIX</b> <b>FIELDWIRE</b> (Hilti) / <b>PlanRadar</b> (Insight/Quadrille) / <b>TOOLWATCH</b> (Riverside Company) <b>Raken</b> / <b>Service Fusion</b> (EverCommerce)</p>	
<p>Project Scheduling</p> <p><b>ORACLE</b> / <b>PRIMAVERA</b> <b>AUTODESK</b> / <b>VIEWPOINT</b> (Trimble) <b>Asta Powerproject</b> (Elecosoft)</p>				
<p>Supply Chain</p> <p><b>MANUFACTON</b> (DSI Digital) <b>Command Alkon</b> (Thoma Bravo/HeidelbergCement) <b>HYPHEN</b> (Greylion &amp; Stone Point)</p>				

**Accounting and FP&A**

<b>CMiC</b>	<b>CAUSEWAY</b> (Five Arrows)	<b>COINS</b> (The Access Group)	<b>Explorer</b> CONSTRUCTION SOFTWARE (JDM)	<b>JONES</b> Constellation (Constellation)	<b>LEVELSET</b> (Procore)	<b>PROCORE</b>	<b>Textura</b> (Oracle)	<b>Sage</b>
		<b>FOUNDATION software</b> (Thoma Bravo)						
				<b>Trimble</b> / <b>VIEWPOINT</b> / <b>DEXTER+CHANEY</b>				

# PUBLIC COMPANY VALUATIONS

(\$ in millions)											
Company Name	Ticker	25-Jan-24	Equity		Enterprise	Gross	LTM	LTM	LTM	EV /	EV /
		Share Price	Market Cap	Debt	Value	Margin %	EBITDA %	Revenue	EBITDA	LTM Rev	LTM EBITDA
<b>Construction Tech</b>											
Schneider Electric	PAR: SU	\$199	\$112,545	\$17,240	\$126,344	41%	22%	\$41,108	\$8,302	3.4x	15.2x
Dassault Systemes	PAR: DSY	\$52	\$69,367	\$3,165	\$68,967	84%	40%	\$7,055	\$2,520	11.0x	27.4x
Roper Technologies	NAS: ROP	\$552	\$59,161	\$6,878	\$65,739	70%	46%	\$6,658	\$2,736	10.9x	24.0x
Autodesk	NAS: ADSK	\$252	\$54,521	\$2,648	\$55,215	91%	42%	\$5,821	\$2,225	10.2x	24.8x
Hexagon	STO: HEXA B	\$11	\$29,811	\$4,526	\$33,847	65%	41%	\$6,282	\$2,366	5.8x	14.3x
Ansys	NAS: ANSS	\$339	\$29,655	\$854	\$29,869	88%	52%	\$2,483	\$1,129	13.8x	26.5x
Fortive	NYS: FTV	\$74	\$26,470	\$2,732	\$28,487	59%	29%	\$6,349	\$1,768	4.7x	16.1x
Bentley Systems	NAS: BSY	\$50	\$16,604	\$1,632	\$18,169	78%	40%	\$1,362	\$479	13.6x	38.0x
Sage Group	LON: SGE	\$15	\$15,408	\$1,534	\$16,093	93%	29%	\$3,085	\$764	5.9x	21.1x
Trimble	NAS: TRMB	\$52	\$12,867	\$3,158	\$15,808	61%	28%	\$3,844	\$1,027	4.2x	15.4x
Nemetschek Group	ETR: NEM	\$94	\$10,873	\$104	\$10,714	58%	35%	\$1,022	\$314	12.1x	34.1x
Procore Technologies	NYS: PCOR	\$70	\$9,834	\$85	\$9,293	81%	14%	\$1,126	\$122	10.6x	76.2x
Altair Engineering	NAS: ALTR	\$86	\$6,864	\$340	\$6,772	79%	25%	\$668	\$150	11.5x	45.0x
Glodon	SHE: 002410	\$2	\$3,282	\$14	\$2,932	84%	22%	\$1,129	\$218	3.1x	13.5x
<b>Mean</b>			<b>\$32,662</b>	<b>\$3,208</b>	<b>\$34,875</b>	<b>74%</b>	<b>33%</b>	<b>\$6,285</b>	<b>\$1,723</b>	<b>8.6x</b>	<b>28.0x</b>
<b>Median</b>			<b>\$21,537</b>	<b>\$2,140</b>	<b>\$23,328</b>	<b>79%</b>	<b>32%</b>	<b>\$3,465</b>	<b>\$1,078</b>	<b>10.4x</b>	<b>24.4x</b>

## SELECT CONSTRUCTION TECH TRANSACTIONS


(\$ in millions)				Enterprise Value (\$M)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Date	Target	Acquirer	Target Description			
Dec-23	Treetop	ECI Software Solutions	Developer of construction software designed to connect business processes	-	-	-
Dec-23	busybusy	ToolWatch (The Riverside Company)	Developer of construction time tracking software	-	-	-
Nov-23	Beck Technology	Pamlico Capital	Developer of construction estimating software	-	-	-
Oct-23	4PS Construction Solutions	Hilti	Developer of construction software	-	-	-
Sep-23	Uearth	Procore	Operator of a cloud-based construction project management platform	-	-	-
Aug-23	DataStreet	Clearstory	Developer and provider of project management software	-	-	-
Jul-23	Buildup	TCQS Applications	Developer of construction communication platform	-	-	-
Jul-23	FM:Systems	Johnson Controls	Digital workplace management and Internet of Things solutions provider	\$455	-	-
Jun-23	Mobile-Punch	JDM Technology Group	Developer of time management application to manage projects in real-time	-	-	-
Jun-23	Cityzenith	TwinUp	Developer of digital twin software for building projects	-	-	-
Jun-23	ReACT Technologies	GDI Integrated Facility Services	Provider of productivity software to serve the construction industry	-	-	-
May-23	AnchoRock Solutions	KPA (CIVIC Partners)	Developer of mobile-first construction software application	-	-	-
May-23	Data-Basics	Constellation Software	Provider of field services and construction management software	-	-	-
May-23	Corecon Technologies	Sage	Construction software for small and mid-sized businesses	-	-	-
May-23	Data-Basics	Constellation Software	Construction management software	-	-	-
May-23	AboutTime Technologies	Foundation Software	Provider of mobile resource management for construction	-	-	-
Apr-23	3D Repo	Asite Solutions	Developer of a cloud-based digital platform for building information modeling	-	-	-
Mar-23	UNIFI Labs	Autodesk	Provider of comprehensive BIM content life cycle solutions	-	-	-
Mar-23	Vertical Market Software	Jonas Software	Enterprise software for construction and energy industries	-	-	-
Mar-23	WorkflowMax	Xero	Developer of project management software	-	-	-
Feb-23	SiteTrace	BuildCentrix	Developer of an online construction productivity platform	-	-	-
Jan-23	Projeckmates	Hexagon	Construction project management software	-	-	-
Jan-23	Flexcavo	Trackunit	Construction management software	-	-	-
Dec-22	COINS	The Access Group	Enterprise software for construction industry	-	-	-
Oct-22	Avvir	Hexagon	Construction verification and progress monitoring	-	-	-
Oct-22	SenseHawk	Reliance Industries	Infrastructure intelligence platform	\$25	17.5x	-
Sep-22	B2W Software	Trimble	Software for heavy civil construction	\$332	-	-
Dec-21	SokoPro	IBinder	Cloud-based document management platform	\$51	7.8x	-
Nov-21	Fieldwire	Hilti	Jobsite management platform and mobile app	\$300	-	-
Median				\$300	12.7x	-
Average				\$233	12.7x	-

# CONSTRUCTION SOFTWARE PRACTICE OVERVIEW


## Meridian Capital Transaction Experience

Hilti\*

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- Buy-side Advisory -



**FIELDWIRE**

Bluebeam\*

---




- Acquired by -


**NEMETSCHKE  
GROUP**

Trimble\*

---



- Buy-side Advisory -



**MANHATTAN**  
A TRIMBLE COMPANY

Trimble\*

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- Buy-side Advisory -



**CSC**

Trimble\*

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- Buy-side Advisory -



**TradeService**  
A TRIMBLE COMPANY

Trimble\*

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- Buy-side Advisory -




**VCO** SOFTWARE  
Integrating Construction

Trimble\*

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- Buy-side Advisory -



**SketchUp**

Trimble\*

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- Buy-side Advisory -




**PLANCAL**  
A TRIMBLE COMPANY

Trimble\*

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- Buy-side Advisory -



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## Meridian Capital's Technology Team

### Team Leadership



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### Transaction Expertise

Mergers & Acquisitions  
Growth Capital  
Strategic Advisory



### Tailored Processes

High-Touch Approach  
Multidisciplinary Deal Team  
End-to-End Services

A leading independent middle market investment bank and M&A advisory firm, which has served as a trusted advisor to business owners on complex corporate finance, M&A, and strategic challenges for 28 years. The firm differentiates itself through its deep industry insights, highly customized service approach, and end-to-end commitment to execution.

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