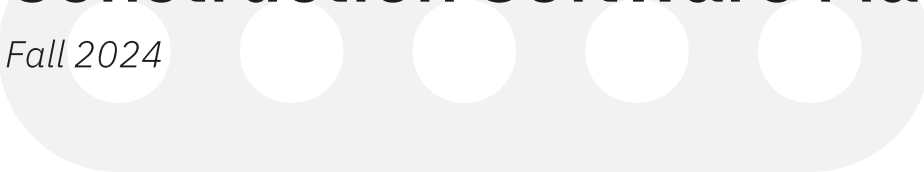




Construction Software Market Map

Fall 2024



Agenda

→ Shea & Company Overview

Current Market Trends Q1 CY2024

Construction Market Overview & Trends

Market Segmentation

Sector Deep-Dives: Construction Market

Select Construction Software Companies for Discussion

About Our Firm

1	2	40+	\$45Bn+	20+	155+
Firm focused exclusively on enterprise software	Offices in Boston and San Francisco	Professionals focused on the software industry	Advised aggregate deal value	Average years of experience amongst our senior bankers	Transactions completed representing billions of dollars in value

Mergers & Acquisitions. Private Placement & Capital Raising. Corporate Strategy.

Shea & Company has advised on important transactions representing billions of dollars in value across the strategic acquirer and financial investor landscape with clients in the U.S. as well as Canada, Europe and Israel.

 <p>has received an investment from</p> 	  <p>have been acquired by</p> 	 <p>has received a strategic investment from</p> 	 <p>has received an investment from</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 
 <p>has received an equity investment from</p> 	 <p>has acquired</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has received an investment from</p> 
 <p>has been acquired by</p> 	 <p>has made a majority investment in</p> 	 <p>has made a majority investment in</p> 	 <p>has received an investment from</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 

Case Study: Pamlico's Strategic Growth Investment in Beck Technology

Transaction Highlights

- Beck Technology, a leading provider of preconstruction software, has agreed to an equity investment from Pamlico Capital
- **Engagement:** Shea & Company was hired to run a targeted process to relevant parties with a Construction Technology investment thesis in order to facilitate the sale of Beck Technology
- **Sector:** Construction Technology
- **Shea & Company Role:** Exclusive financial advisor to Beck Technology

Beck Technology Profile

- Beck Technology is a founder-owned company offering a line of Preconstruction solutions for estimating, takeoff and bid management
- The company's flagship products, DESTINI Estimator and DESTINI Bid Day, allow customers to manage the entire preconstruction process in one place from estimating to bid comparison
- Beck Technology was founded in 1996, and DESTINI Estimator launched commercially in 2016; the company is headquartered in Dallas, TX and has approximately 60 employees

Pamlico Profile

- Pamlico is a lower middle market Private Equity Firm with a track record of over 30 years investing in businesses with exceptional Management Teams across North America
- Within their core verticals (communications, healthcare, software and services), Pamlico has deep experience partnering with Management Teams to help companies accelerate growth and scale
- Pamlico was founded in 1988 and is headquartered in Charlotte, NC



has received a strategic growth investment from



Shea & Company served as the exclusive financial advisor to Beck Technology



Transaction Notes & Rationale

- This transaction will set-up Beck Technology for its next stage of growth, as Pamlico's relevant software experience, history in partnering with founder-owned businesses and resources will accelerate the pace at which Beck Technology can grow and deliver solutions to clients
- Beck Technology's target customer base consists primarily of General Contractors and Construction Managers who build vertical projects such as industrial, commercial healthcare and/or residential structures
- **"Construction impacts everyone on the planet, and the preconstruction process enables contractors to make better and more informed decisions leading to better and more predictable project outcomes. Pamlico's deep expertise partnering with founder-owned software businesses like ours made them the ideal partner in this next phase of growth."** – Peter Beck (Founder & Chairman, Beck Technology)
- **"I strongly believe that Beck Technology is a special company, with a unique corporate culture. The team has a notable passion for their products and this market, and as a result, the Company has a strong base of happy customers. I am genuinely excited to join the business."** – Norbert Orth (Incoming CEO, Beck Technology)
- **"Beck Technology has established a unique leadership position in preconstruction technology. We look forward to working with the management team to continue to expand the product platform and build a best-in-class, integrated preconstruction solution."** – Eric Wilkins (Partner, Pamlico Capital) & Larsen Jones (Vice President, Pamlico Capital)
- Shea & Company served as the exclusive financial advisor to Beck Technology

Case Study: Berkshire Partners' Acquisition of Tango Analytics

Transaction Highlights

- Tango Analytics, a leading provider of cloud-based integrated workplace management software (IWMS) and store lifecycle management (SLM), has agreed to an equity investment from Berkshire Partners
- **Engagement:** Shea & Company was engaged to evaluate and solicit interest from a select set of financial sponsors and strategic acquirers
- **Sector:** Real Estate and Facilities Lifecycle Management
- **Shea & Company Role:** Exclusive financial advisor to Tango Analytics and Frontier Growth

Tango Analytics Profile

- Tango offers an end-to-end solution encompassing site selection, project management, lease & accounting, facilities maintenance, and space management
- Tango began as a CRE consulting firm and released their first software product two years later; Tango has since been reimagining and releasing industry-leading IWMS and SLM applications
- The Company has partnered with more than 1,000 leading brands, and its cloud-based SaaS and mobile solution is used across 140 countries by companies ranging from those with a few dozen locations to large global brands with more than 40,000 locations
- Founded in 2008, Tango is headquartered in Dallas, TX

Berkshire Partners Profile

- Berkshire Partners, has 35 years of investment history and Berkshire Private Equity has made more than 135 private equity investments since its inception and has a strong history of partnering with Management Teams to grow the companies in which it invests
- The group has raised \$20Bn+ over 10 funds, with their latest (Fund X) being \$5.8Bn
- The group invests in a wide range of companies in different stages and industries via buyouts or management recapitalizations, partial recapitalizations, growth capital and public securities
- Berkshire Partners is a leading investment firm headquartered in Boston, MA



has received an equity investment from

**Berkshire
Partners**

Shea & Company served as the exclusive financial advisor to Tango Analytics and Frontier Growth

**Shea
& Company**

Transaction Notes & Rationale

- Combining leading-edge technology, adaptability, constant innovation and simplicity, Tango's real estate and facilities solutions are built for today's evolving realities
- **"In a post-COVID world, active management of real estate and facilities is more important than ever, and companies require solutions to help them stay in sync with a dynamic environment. Given Tango's strong market share and the unique solutions it provides to an array of blue-chip customers around the world, we view Tango to be a disruptive innovator that has significant potential to drive further value."** – Jon Nuger (Principal, Berkshire Partners)
- **"In addition to their experience in investing across the technology and software ecosystems, the Berkshire team has helped companies accelerate growth strategies to the benefit of all stakeholders. This capital will play a pivotal role in unlocking the next chapter of our growth story as we seek to take Tango to the next level. We are honored to welcome Berkshire as an investor and look forward to benefiting from the insights of their investment and portfolio support professionals."** – Pranav Tyagi (Chief Executive Officer, Tango Analytics)
- **"We have tremendous confidence in Tango's Team and products, and we look forward to continuing our partnership and supporting their next stage of growth"** – Andrew Linder (Co-Founder & Partner, Frontier Growth)
- The funding will help extend Tango's leadership position in the market and accelerate both U.S. and international growth
- With market-leading capabilities across predictive analytics, transactions, projects, lease, space, and reservations—delivered in a true-multi-tenant cloud architecture with a single code base—Tango is poised for continued growth in today's dynamic PropTech marketplace
- Frontier Growth, a leading investment firm who previously held a minority share in Tango, will remain a minority investor in the entity
- Shea & Company served as the exclusive financial advisor to Tango Analytics and Frontier Growth

Case Study: Clearlake Capital's Investment in EagleView Technologies

Transaction Highlights

- Clearlake Capital, a leading private investment firm founded in 2006, has made an equity investment in EagleView
- **Engagement:** Shea & Company was engaged to evaluate the prospective acquisition of EagleView and several core value creation theses (product expansion, organic growth and M&A prospects)
- **Sector:** PropTech and InsurTech
- **Shea & Company Role:** Exclusive financial advisor to Clearlake Capital

Clearlake Capital Profile

- Clearlake is a leading private equity firm that has managed approximately \$8 billion of institutional capital since inception
- Leveraging its proprietary O.P.S.® framework, Clearlake actively partners with its portfolio companies to optimize Operations, recruit the right People and promote Strategic thought leadership in each of its investments
- The company's senior investment principals have led or co-led over 100 investments, and bring over 200 years of collective investment & operational experience
- Clearlake Capital Group was founded in 2006 and is headquartered in Santa Monica, California

EagleView Profile

- EagleView is the leading provider of high-resolution aerial imagery, property data analytics and structural measurements serving government agencies, insurance carriers, roofing contractors and energy / utilities companies
- It utilizes patented image capture techniques, 3D aerial measurement software and machine learning processes to provide data-driven insights on millions of properties throughout the world
- Its solutions enable organizations to reduce field visits and adopt faster, safer and more cost-effective workflows
- The company was founded in 2008 and is headquartered in Bothell, Washington.



has made an equity investment in



Shea & Company served as the exclusive financial advisor to Clearlake Capital



Transaction Notes & Rationale

- Vista Equity Partners, the largest private equity firm exclusively focused on software and data related businesses, first invested in EagleView in 2015 and will remain a significant owner of the company and is committed to its long-term growth and success
- Clearlake's equity investment will support the continued rapid scaling of EagleView's new aerial image capture platform, advance its artificial intelligence and machine learning capabilities and enable it to launch new data analytics and workflow platforms across all existing market segments, as well as expanding into new markets and geographies
- **"We are very excited to welcome Clearlake as our partner to help us continue to accelerate our growth and scale. EagleView now enjoys the substantial backing of two of the most sophisticated technology investors in the world, both of which focus on helping their portfolio companies achieve maximum performance potential. With the combined support of these two premier firms, EagleView looks forward to continued growth within our existing markets, delivering new and innovative data, analytics and workflow solutions and expanding to new markets."** - Rishi Daga, CEO, EagleView
- **"Clearlake is looking forward to partnering with EagleView's world-class management team and Vista, and we see tremendous potential to build upon the Company's leadership position. We have been impressed by the Company's strong track record of rapid growth and we look forward to leveraging our O.P.S.® approach to further support EagleView's exciting trajectory."** - Behdad Eghbali and José E. Feliciano, the Founders and Managing Partners, Clearlake
- **"Since our investment three years ago, EagleView's array of innovative proprietary solutions – including several newly introduced products made possible by Vista's operational assistance and expanded R&D investments - have delivered accelerated growth and increased market share. We are thrilled to have Clearlake join with Vista and management to continue driving EagleView's leadership in the market and developing compelling new value-added solutions for EagleView's expanding customer base."** - Brian Sheth, Co-Founder and President of Vista Equity Partners
- Shea & Company served as the exclusive financial advisor to Clearlake Capital

Case Study: Penta Technologies and STRUXI's Acquisition by JDM Technology Group

Transaction Highlights	Penta Technologies Profile	STRUXI Profile	JDM Technology Group Profile
<ul style="list-style-type: none"> ■ Penta Technologies and STRUXI, leading construction ERP and labor management software providers, have agreed to be acquired by JDM Technologies ■ Engagement: Shea & Company was hired by Penta Technologies to facilitate a sale process for both Penta Technologies and STRUXI ■ Sector: Construction Technology ■ Shea & Company Role: Exclusive financial advisor to Penta Technologies and STRUXI 	<ul style="list-style-type: none"> ■ Penta is a purpose-built, construction management and ERP software, allowing specialty contractors to better plan and track business performance while transforming labor productivity into a competitive advantage ■ Penta Technologies provides a complete suite of software applications to help construction businesses manage their field labor force and eliminate paper-based field reporting ■ Penta Technologies was founded in 1991 and is headquartered in Milwaukee, WI 	<ul style="list-style-type: none"> ■ STRUXI specializes in construction labor management solutions, offering STRUXI Field Management and STRUXI Labor Cost Management that help contractors effortlessly capture, track and report on labor costs ■ STRUXI development began in 2020 under the parent company, Penta Technologies, to streamline manual time collection and coding 	<ul style="list-style-type: none"> ■ JDM Technology Group is a global software business focused on delivering B2B software systems for the architecture, engineering, construction, and operations industries with over 180,000 users served in 40 countries ■ JDM Technology Group's core philosophy is a long-term commitment to customer support and service coupled with providing the best possible solutions to customers ■ JDM Technology Group was founded in 1984 and is headquartered in Vancouver, Canada





have been acquired by



Shea & Company served as the exclusive financial advisor to Penta Technologies and STRUXI



Transaction Notes & Rationale

- Penta Technologies provides a comprehensive ERP suite serving specialty contractors across the commercial and industrial markets with complex field service organizations
- STRUXI Labor Cost Management enables contractors to calculate complex labor costs based on jobs, employee and union rules automatically and tag them with the appropriate project cost code
- STRUXI Field Management provides an intuitive solution for field employees to capture time, field superintendents to allocate time and back-office employees to funnel time tracked into an ERP platform
- JDM Technology Group buys vertical market software companies, employing a buy and build strategy, acquiring software solution providers to grow market share and provide customers with the best possible solutions
- **“I’m proud of the companies we’ve built. Thanks to the dedication and efforts of our Penta and STRUXI teams, we’ve helped hundreds of contractors meet their business challenges head on. This next step will allow that legacy to continue.”** – Karl Koenig (Chairman of the Board, Penta Technologies)
- **“Our acquisition of Penta and STRUXI is part of our ongoing strategy to buy and build exceptional software so we can continue to provide our customers with the best possible solutions. We’re pleased to welcome Penta and STRUXI to the group and we’re confident that this acquisition will allow us to create new value and opportunities for its customers.”** – Jim McFarlane (CEO, JDM Technology Group)
- The acquisition will allow Penta Technologies and STRUXI to continue creating new value and opportunities for its customers
- Shea & Company served as exclusive financial advisor to Penta Technologies and STRUXI

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Construction Market Overview & Trends

Market Segmentation

Sector Deep-Dives: Construction Market

Select Construction Software Companies for Discussion

The ConTech Market Continues to Mature Despite Market Headwinds

ConTech continues to be active driven by a core set of industry dynamics which have accelerated the inflows of investment capital into the space and created a healthy market environment

ConTech Market Updates

1

Construction Industry Labor Force

- Based on data from the U.S. Bureau of Labor Statistics, there has been a 4.3% rise in the construction industry workforce in the past six months, with construction unemployment maintaining a low rate of 3.8%.
- Securing skilled labor remains a significant challenge across various industry facets, including shipping and trucking, manufacturing and on-site construction.

2

Supply Chain & Material Availability

- Availability has seen improvements for numerous construction materials, but mechanical and electrical equipment still experience prolonged lead times. Particularly noteworthy are transformers, diesel generators and switchgear, with the latter two items having lead times of a year or more.
- Materials and commodities costs are generally stable over the last quarter

3

Construction Volume

- According to data from the U.S. Census, private commercial construction volume increased +7.8% since last quarter and +6.7% compared with last year. YoY commercial volume has now remained positive since Q1 2021.
- Contractor confidence in the industry has been somewhat mixed for a third consecutive quarter, but there appears to be an upward trend, as indicated by most publications monitored and surveyed by industry analysts

4

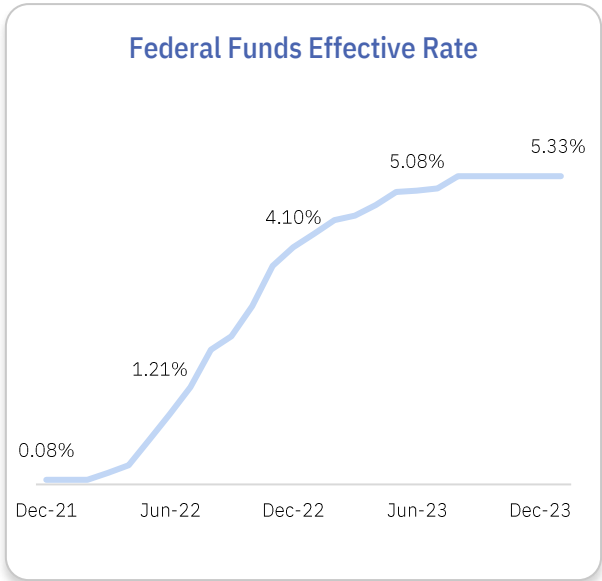
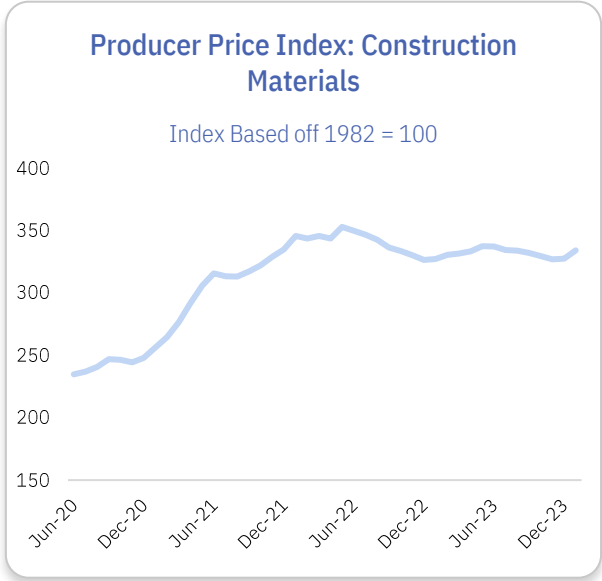
AEC Valuations are Resilient

- The startup ecosystem in the built world is still in its early stages of maturation compared to almost every other sector. The absence of substantial valuations, with most remaining below \$50 million, coupled with sector-agnostic growth and financially conservative founders, has enabled numerous AEC ventures to avoid much of the valuation compression seen in down rounds that has affected later-stage venture capitalists in the past 18 months.

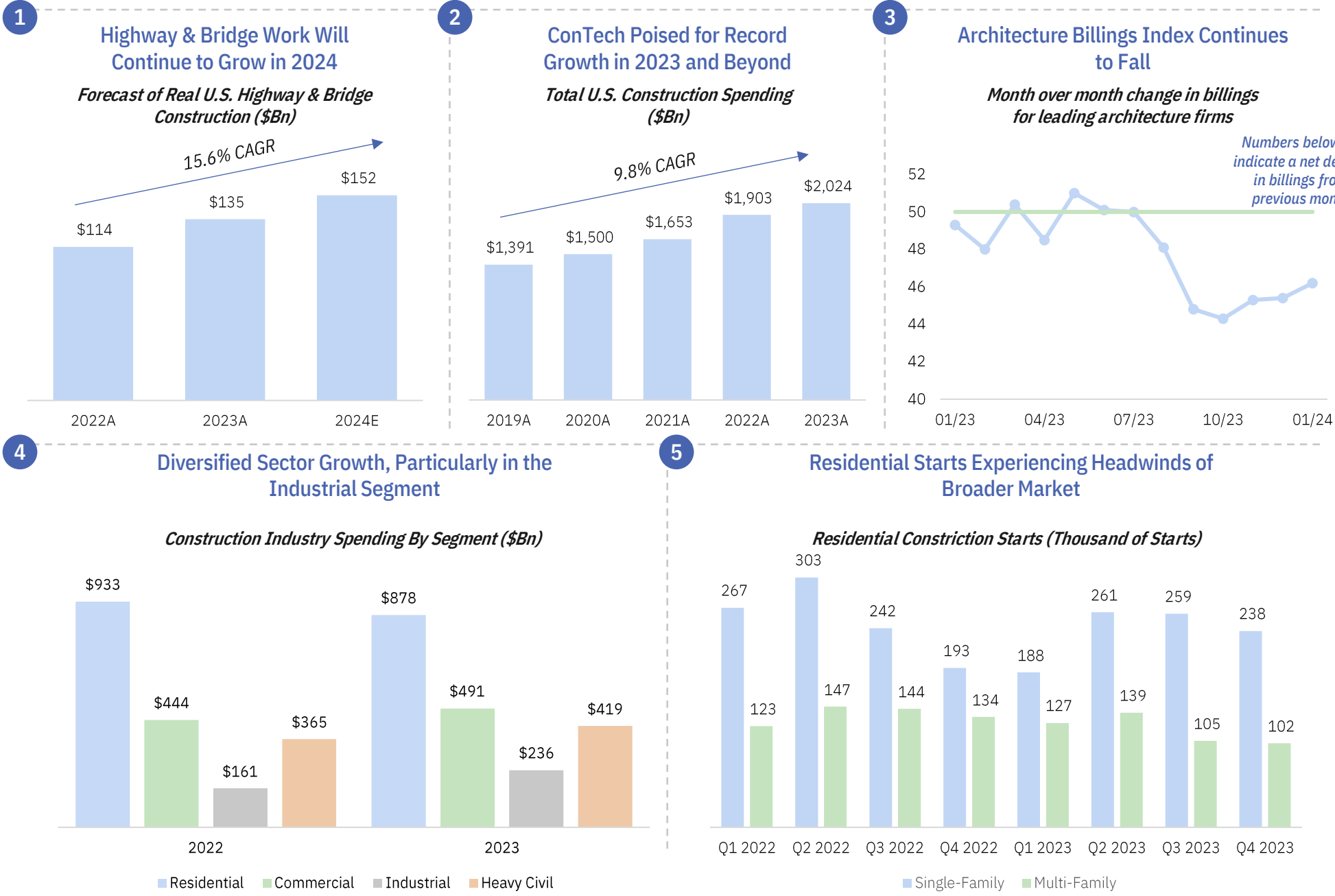
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Attractive Purchaser Dynamics

- While the ConTech sector is maturing, it has not reached the level of scale and sophistication seen in well-established software markets such as logistics, manufacturing and agriculture. Increasingly, investors are acknowledging the potential of ConTech to profoundly alter the construction industry's framework and redistribute value pools on a larger scale.



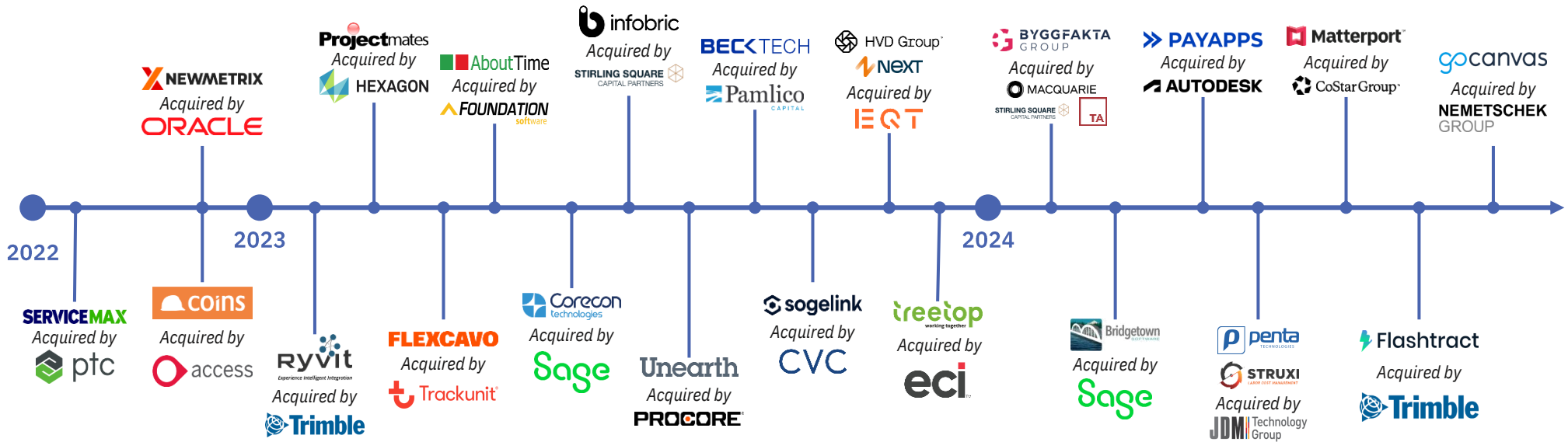
Construction Market Dynamics Across Various Verticals



Robust M&A Market Anticipated to Persist, Continuing to Drive Economic Expansion

In the last 2 years, an influx of private equity capital activity has propelled the next generation of ConTech vendors to the next level and resulted in rapid platform building and market consolidation through add-on M&A despite market slowdown

The Last 2 Years Have Seen Steady Investment into ConTech Platforms...



Recent Capital Raises

Date	Investor(s)	Target	Amount
05/29/24	BOWMARK CAPITAL	EQUE2	n/a
05/28/24	MARS	INFRA.MARKET	\$50MM
05/27/24	Industrial Bank of Korea, kinective, Shinhan, Premier Partners	CUPIX BUILD SMART	\$23MM
02/21/24	KLEINER PERKINS, Combinator, initialized(), Feticis, ALTOS	PermitFlow	\$31MM
02/15/24	pillar, SPARK CAPITAL	Higharc	\$53MM

Emerging Trends & Themes

- While market headwinds affected the pace, the current high level of investment reflects a strong commitment to the industry's growth
- M&A persists as the primary funding avenue for ConTech ventures, with two marquee transactions on the horizon:
 - Macquarie, Stirling Square and TA have offered to buy Byggfakta (\$982MM) signaling investors continued appetite for construction technology investments
 - Blackstone to buy Global Infrastructure Partners (\$12.5B), which will fuel digital infrastructure investment and the demand for ConTech
- Construction technology stands at the forefront of digitalization, poised to play a pivotal role in driving sustained and robust economic expansion in the foreseeable future

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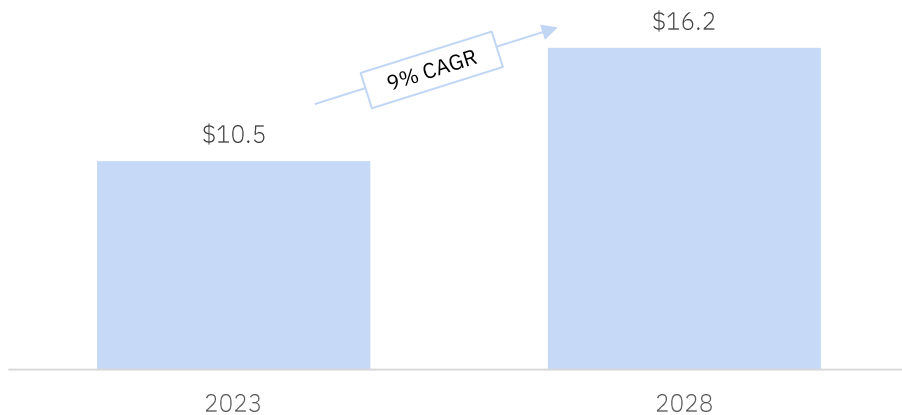
Select Construction Software Companies for Discussion

Market Overview of an Evolving Construction Industry

In a growing and rapidly changing construction industry, software platforms displace antiquated manual and paper-based legacy tools with solutions that address the construction lifecycle end-to-end from design to maintenance

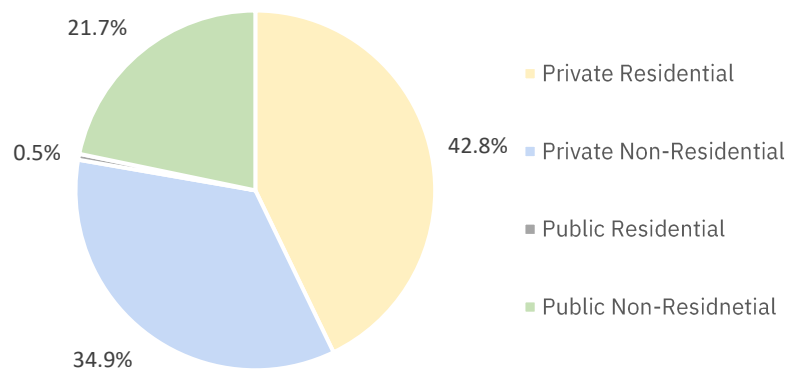
Global Construction Spending (\$Tn)

Underlying construction market is massive, representing \$10Tn+ of annual spend, and is projected to grow 9% from 2023 to 2028. This presents an attractive greenfield opportunity for software penetration



2023 U.S. Construction Distribution

With a near even split in residential and commercial (public & private nonresidential), both markets represent key sectors for software implementation



Construction Market Trends

- Rapidly Growing Software Market** - The global construction and design software market – which includes project design, management & scheduling, field service management, cost accounting, bid management, safety and compliance among others – **was valued at USD \$9.6 Bn in 2021** and is expected to expand at a compound annual growth rate (CAGR) of **8.5% from 2022 to 2030**
- Infrastructure Leading the Charge** - Infrastructure subsectors, driven by large scale transportation and power projects, are set to lead growth in the construction industry with expected growth rates of **20.1% from 2021 to 2022** and **10.9% from 2022 to 2023**
- Disrupted Supply Chains** - Global supply chain disruptions and rising commodity prices have contributed to rising U.S. **construction costs**, which **have risen 19% since 2020**, catalyzing emphasis on **cost reduction solutions**
- Construction Worker Shortages** - An industry-wide concern for the lack of skilled workers **as 73% of construction firms list worker shortages as a top concern**, necessitating **increased worker efficiency**
- Increased Use of AI and Automation** - Tools incorporating computer vision, including AI-powered reality capture and analysis, are seeing increased use in the field to combat worker shortages, with resulting in **up to 50% increases in productivity gains through real time analysis of data**
- Green Construction** - Customers seek construction companies that use green building techniques to receive substantial tax credits and provide relief from rising utility prices nationwide, with **average electricity prices up 7.5% since last year**

Construction Industry Subsectors

The four key types of construction include residential, commercial, industrial and heavy civil / infrastructure; this covers nearly every construction project within the industry, as the type of construction project often refers to the actual facility being constructed

Construction Industry Sectors

- The majority of the construction software industry’s largest players operate in multiple subsectors of the industry, including residential, commercial, industrial and heavy civil
- The overlapping of subsectors for major players indicates that there is still a massive opportunity for sector-specific specialization in the construction software industry



Building Construction

Overview

- Buildings construction, further split into residential and non-residential / commercial, adds structures to areas of land

Residential

- Residential buildings built as primary dwellings – this includes single family homes, detached homes, condominiums, townhouses, triplex / duplex and housing cooperatives

Non-Residential / Commercial

- Building projects consisting of business structures such as offices, warehouses, retail centers and stores; medium-scale projects may involve remodeling, expanding and restructuring the business buildings to maintain prime conditions

Significant Vendors



Industrial Construction

Overview

- Industrial construction involves businesses that deal with manufacturing goods and other specialized industries
- Structures that produce commodities for distribution, including factories, microchip centers, power plants and cooling systems
- Requires more specialized skills / talent, on-site equipment assembly, custom fabrication and large-scale installation
- Planning and development phase tends to be longer when compared to residential / commercial construction, as each project has its own unique requirements tailored to the demanded industrial structure and client specifications
- Industrial buildings can be further bucketed into two types: warehouse / distribution centers and manufacturing centers

Significant Vendors



Heavy Civil Construction

Overview

- Heavy civil construction involves complex construction projects including highways, tunnels, waste management, telecommunication, airports and other large-scale city or government community projects
- Normally encompasses major structures that are related to public infrastructure – not privately owned
- While commercial construction focuses more on establishing communication between the contractor and the client, heavy civil attempts to reduce the inconvenience or troubles of the public and the local community
- Heavy civil construction mainly falls under the sponsorship of the government / big corporations, with project timelines that can eclipse up to 30 years or longer

Significant Vendors



Residential Construction Market

While rising interest rates cool demand for new residential starts, interest rises in addressing supply pain points through cost effective solutions such as modular construction to address the U.S housing deficit

Market Trends

Renovations Drive Spending Growth



- Suburban homeowners, fueled by the red-hot seller's market in 2021 from work-from-home migrations, have spurred investment in home improvement projects to drive value
- Renovations have grown 11% per year since 2021, outpacing total private residential spending growth of 4%

Adoption of Modular Construction Tools



- Modular construction is quickly gaining traction as the most optimal solution to the estimated 3.8M unit shortage in the U.S. housing stock
- The heavy use of Building Information Modeling, AR/VR utilization and project management software presents an attractive area for Construction Software penetration
- Moderate assumptions value the modular construction market at \$130B in the U.S. and Europe by 2030, a market that will be touched end-to-end by construction software

Continued Migration to the U.S. South



- Southern cities and suburbs continue to see an influx of migration from expensive northeastern and westcoast residential markets, driven by relocations of major employers and lower state taxes
- Residential construction in the South outpaces other geographies to meet this demand, with current backlog of starts expected to keep construction activity steady

Key Challenges

Stalled Construction Post-Pandemic



- The pandemic froze homebuilding construction, then created supply and labor shortages leading to delivery delay, and is now stalling new construction due to prohibitive interest rates

Industry-Wide Labor Shortages



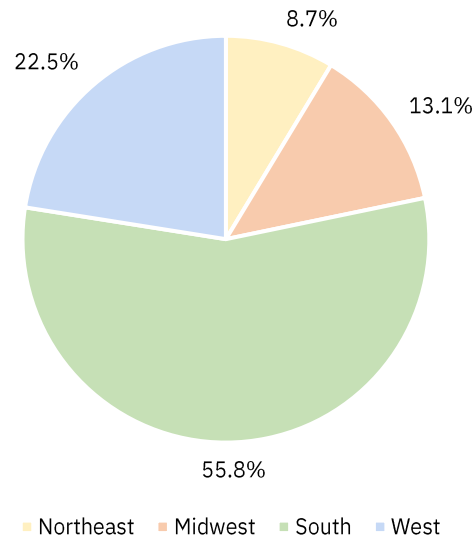
- Industry wide labor shortage will impact new residential construction once contracts are won from the 2021 Infrastructure Investment and Jobs Act, as the available contractor pool shrinks

Increasing Prices of Raw Materials

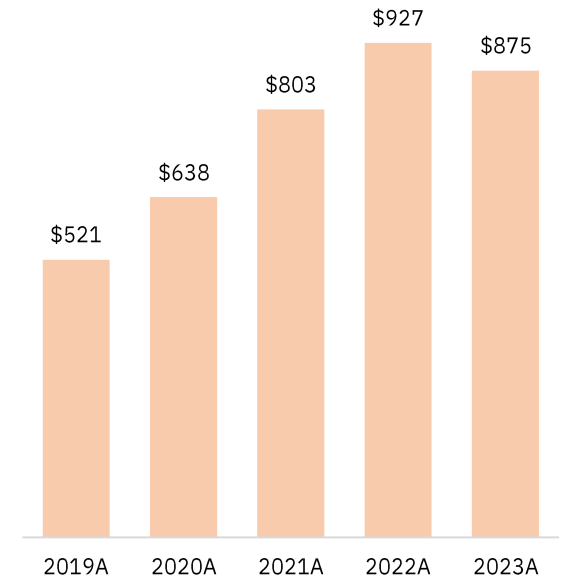


- The overall basket of building materials, driven by sharp gains in the price of ready-mix concrete, paint and steel has risen 14% YoY, impacting growth in new home improvement projects

New House Starts by Geography 1H2024A



U.S. Residential Construction Spending (\$Bn)



Construction Market At a Glance

Despite price increases in building materials, as well as a skilled labor shortage, outlook remains positive due to recent federal funding measures to increase public – private partnerships as well as continuing implementation of productivity increasing software

What's Happening in the U.S. Heavy Civil / Industrial Construction Market?

1

Reduced Risk Appetite



- Public-Private Partnerships (P3s) are collaborations between government entities and private sector companies to finance and build large infrastructure projects
- Short term decline in P3s as builders aim to de risk from raw material prices, however we see an increase in the future as a result of the 2021 Infrastructure Investment and Jobs Act
- The bidding process, where transportation projects > \$750m will need to conduct value for money analyses, begins H2 2022

2

Supply Side Constraints



- Recent surveys note contractors are working at capacity despite lack of recovery in nonresidential construction spending, projecting major project delays and cost over runs post recovery due to low overall contractor pool
- A widening shortage of both skilled labor and raw materials are key inhibitors to sustainable expansion in the space

3

Strong Recovery in Industrial Construction



- Despite uncertainty in the broader economic outlook, nonresidential construction prospects have improved due to strong gains in essential manufacturing and retail facilities
- Pandemic induced boost on e-commerce has lifted Warehouse & Distribution Center construction, which now represents 36% of total commercial construction

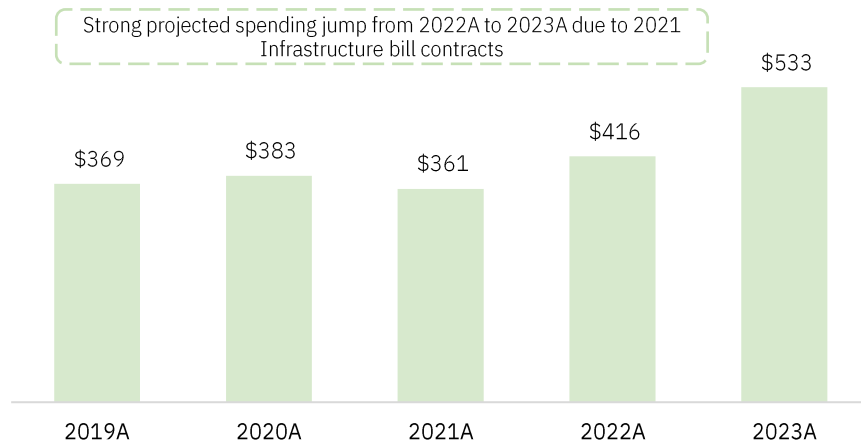
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Focus on Safety Measures

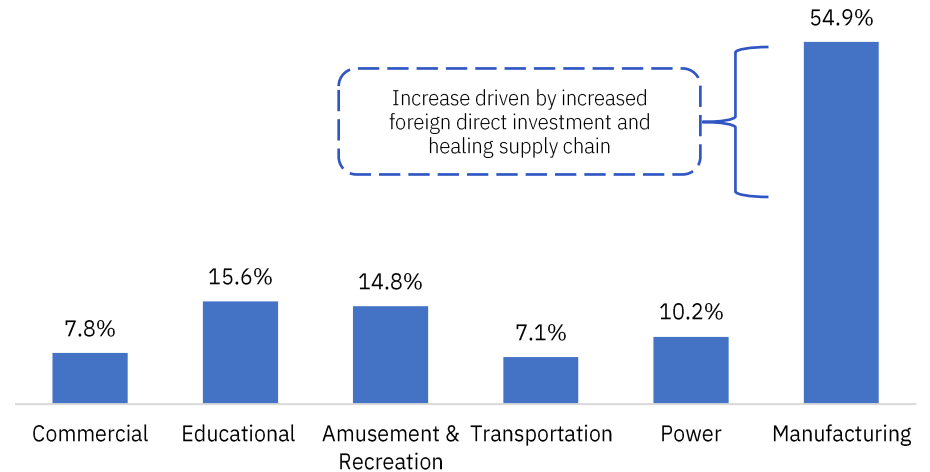


- Construction workers continue to make up roughly 20% of U.S. worker deaths despite making up only 6% of the workforce
- This perceived safety risk has inhibited hiring and retention efforts, leading to the implementation of AR/VR workplace training, drones to monitor hazards and workforce management software

U.S. Heavy Civil Construction Spending (\$Bn)



Construction Spending Changes y/y 2022-2023

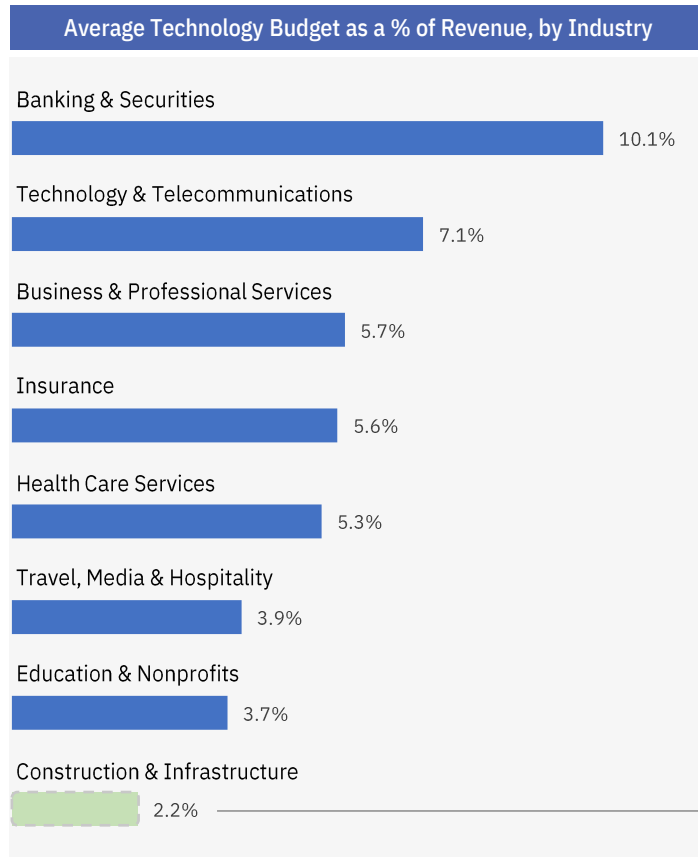


Digitization of a Growing Construction Industry

Historical inhibitors to technology adoption are being broken down as the efficiency gains and improvements to customer experience from technology adoption addressing modern pain points outweigh the investment costs and risk of implementing new systems

Construction is Behind Other Vertical Markets in Adopting SaaS Solutions

- According to Deloitte – **roughly 2% of construction revenue is spent on technology**, making it one of the least digitized industries
- The construction market remains technologically underserved despite its enormous size, as **35.9% of employees at construction firms are hesitant to try new technology**
- Construction companies are beginning to break adoption barriers – with the U.S. government allocating \$100MM to construction technology over the next 5 years as a part of the Infrastructure Investment and Jobs Act, the construction software market has followed suite
- In 2021, 53% of small construction businesses implemented new construction project management software



Construction SaaS Solutions are Evolving to be Mission Critical

- Contractors and real estate developers are demanding enterprise solutions that assist with design, planning, operations, field and workforce management and safety
- Digitalization of highly manual processes enables contractors and real estate developers to increase efficiency, drive revenue and offer a better customer experience
- Use cases for all-encompassing and customizable construction SaaS solutions are higher than ever, as platform flexibility would allow project leaders to iterate and adapt their applications to best service unique projects with fully integrated information across workstreams
- The Covid-19 pandemic has driven a net acceleration for the need of technology in the construction industry as projects are being collaborated on digitally

Enormous Industry Whitespace Due to Delayed Adoption

- Construction industry technology spend moving in line with the median of other industries implies a \$151Bn annual spend on technology, representing enormous whitespace given today's \$59.4Bn spend
- Project management solutions are seen as a critical tool in reducing costs, which is becoming increasingly important as the costs of building supplies have skyrocketed
- While best-in-class point solutions have emerged to address specific pain points, integrated suite solutions are not readily available; consolidation will likely occur to eventually deliver integrated suite solutions

Construction Industry Pain Points

With global labor productivity growth over the past 20 years averaging 1%, compared to 2.8% for the world economy, construction managers need software solutions to help address key pain points to drive efficiency and optimize ROI now more than ever

Construction Operations Pain Points



Data Analysis: 80-90% of recorded data is unstructured or not used for analysis, making it difficult to understand the project details and overall progress



Time Overruns: Timing overruns result in increased costs and lower profitability. They are often caused by preventable mistakes including scheduling errors, improper employee management and ill-advised planning



Workplace Safety: The construction industry continues to have one of the most dangerous work environments, leading to unnecessary risks for employees, financial liabilities, higher costs and slower turnarounds



Productivity: Slow growth in productivity can be attributed to outdated technologies and human error, impacting the industry as a whole's bottom-line



Document Management: Inconsistent document formats within the project stakeholder ecosystem leads to delays due to difficulties in processing information



Poor Communication: The lack of proper real-time and project-term communication has slowed down construction processes, increased risk to workers and driven low customer satisfaction



Equipment and Material Tracking: Construction equipment and material theft, not inclusive of tools, from job sites account for \$300M to \$1Bn in lost PP&E annually

Overarching Problems

Construction inefficiencies overlap and snowball into interconnected issues: Subpar technology and lacking data analysis methods lead to underlying industry issues

- Inadequate technologies lead to worker inefficiencies
- Outdated management software increases project timelines and costs
- Obsolete safety technologies increase risk, time and costs

Construction Solutions

Construction software is evolving to boost productivity, improve design capabilities, and ensure the safety of construction workers

- Digitization of manual/paper-based processes drives efficiency and reduces errors
- Software enhances communication and decreases wasted time
- Drones create safer work environments, provide updated data and monitor work and equipment

Infrastructure Investment and Jobs Act: Massive Tailwinds for ConTech

The \$1.2T 2021 Infrastructure Bill is the biggest public-works bill since the creation of the interstate highway system – with bill appropriations having a significant impact on the broader construction industry. Construction Technology platforms are uniquely positioned to benefit from market tailwinds through the breadth of their mission critical industry solutions

Tailwinds for Construction Technology

Overall Construction Spending expected to increase 5.5% in 2023

- Dodge expects civil construction starts to total \$281B in 2023, a 16% jump from 2022 as bill funding enters the market
- Along with the increased spending, the White House estimates that the bill will create more than 700,00 new jobs each year, of which 175,000 are estimated to be in construction
 - As organizations scale to keep up with demand, ERP and operations & planning platforms can drive significant operational efficiencies
- This increased spending will ultimately accelerate the digital transformation currently underway – with McKinsey estimating that construction digital migrations can result in cost reductions from 4-6% and productivity gains of ~15%

\$377B for Large Scale Infrastructure Projects

- Of the \$550B in new spending, \$377B in infrastructure funding trickles down through the entire construction ecosystem
- The Federal Highways Administration will further appropriate \$20MM of grant funding per year, over 5 years, for state transportation departments to purchase these solutions for their infrastructure projects:
 - Visual-based inspection technologies to improve jobsite safety & risk
 - Construction digital management tools, including e-ticketing to remove paper from the material supply chain
 - 3D-modeling & digital twin platforms
 - Drone technology for construction operations & maintenance

Amplified Labor Shortage

- Existing industry wide labor shortages are greatly exacerbated, as 89% of US construction firms report struggling to hire workers
- Despite provisions in the bill funding workforce development programs in blue collar trade, trainees are not currently on pace to replace the estimated 41% of construction workers expected to retire over the next decade
- *Workforce management solutions are critical to ensure that labor productivity remains high, while safety solutions are a priority to encourage labor participation in a traditionally high-risk industry*

Soaring Raw Materials Costs

- Large scale infrastructure projects (including roads, airports and ports) demand vast amounts of essential raw materials currently shared throughout the industry
- Cement – whose price index heavily influences construction budgets – is already at 90% production capacity (US) and 30% import capacity, with concrete intensive heavy civil infrastructure expected to significantly increase pricing
- Similarly, steel demand created by the bill, with estimates at 50 million tons of steel over the next decade, is expected to drive up pricing and impact broader commercial and nonresidential construction
- *Materials management and estimating/bidding solutions help reduce raw material wastage and cost overruns*

Profiting Construction SaaS Solutions



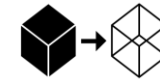
ERP



Ops & Planning



Project Documents



Analytics & BIM



Field & Workforce Management



Safety & Risk Management



Estimating, Takeoff & Bids



Material Tracking

Technologies Driving Efficiency and Innovation in the Construction Space

1

Artificial Intelligence

- AI technology can autonomously garner insights, inform decision making and drive efficiency
- Machine learning and AI enrich project planning and scheduling, workplace monitoring, data consolidation and analytics
- Recently, it has been used to render digital copies of buildings for predictive maintenance and building improvements

35%

Expected annual growth of AI in the construction industry from 2018 to 2023

2

Building Information Modeling & Digital Twins

- Constructors are incorporating digital representations of physical and functional aspects of a building to improve collaboration during the designing and constructing phases of projects
- Digital twins create virtual models of buildings using advanced technologies to simulate infrastructure, granting access to dynamic models while on construction site front-lines

83%

BIM users who experienced positive ROIs

3

Augmented and Virtual Reality

- Augmented and virtual reality technologies are being adopted to play out simulations in real time of projects with different constraints such as project timelines, raw material / equipment supply chains and worker bandwidth
- Augmented and virtual reality has become paramount for training purposes, planning arrangements and error detection, driving successful construction outcomes and reducing costly liabilities

77%

Expected compound annual growth rate of implemented AR / VR from 2019 to 2023

4

Green Technology

- Sustainability has become a major focus across all types of construction
- Constructors are building environmentally conscious buildings using environmentally safe practices in response to increased demand from customers
- Green technologies include zero-energy construction and smart construction tools that focus on energy optimization, minimal waste and net-zero carbon emitting buildings

87%

Construction firms reporting Green Technology being a driving force for sustainability

5

Drones and Robotics

- Drones and robotics are being employed to improve safety, drive better results and enable virtual reality
- Robots significantly improve safety and security on construction sites
- Innovative hardware plays an integral role in implementing new AI and virtual realities

239%

2018 growth of drone usage in the construction industry

Market Outlook for Construction Software – Tailwinds & Headwinds

While 2023 has seen less activity in the market due to changes in the financing environment and higher interest rates, the construction software landscape is primed for higher levels of consolidation heading into 2024

U.S. Construction Spending By Segment (\$Bn)

Year	Residential	Commercial	Industrial	Heavy Civil
2022	\$933	\$444	\$161	\$365
2023	\$878	\$491	\$236	\$419

High Investor Optimism Heading into 2024

- Industrial spending has spiked due to increase in spending on manufacturing facilities, partly driven by supportive policies such as the CHIPS Act and the Infrastructure Investment and Jobs Act
- Since 2017, investment in AEC tech has grown multifold as more investors are recognizing construction software’s potential to reshape the structure of the built world and redistribute value pools at scale
- Substantial reserves of dry powder are poised for allocation heading into 2024, signaling the potential for increasing activity

Emerging Software Solutions Across the Entire Project Lifecycle

Proliferating Number of ConTech Solutions for the AEC Industry

- Propelled by a strong demand for infrastructure, a shortage of skilled labor and increased stakeholder pressure for data transparency and integration, digital adoption across the entire project management lifecycle is accelerating with numerous emerging point solutions in the market
- Given the proliferating number of point solutions in the ConTech landscape that have received recent funding, the market is ripe for consolidation by large cap vendors of scale

Changes in the Financing Environment

- Given changes in the financing environment with lower loan-to-cost ratios and higher interest rates, project volumes have been reduced

- As a result, many projects that would have been profitable in prior years are not penciling out in the higher rate and construction cost environment, as the cost of raw materials remains high

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Shea & Company Overview

Current Market Trends Q1 CY2024

Construction Market Overview & Trends

→ Market Segmentation

Sector Deep-Dives: Construction Market

Select Construction Software Companies for Discussion

Construction Software Market Landscape

Construction Software

Construction Management Suites

Construction software enables projects in an industry dominated by delays, low digitization and cost overruns to increase productivity, reduce administrative burdens and stick to cost projections; full-suite solutions provide flexible platforms that offer capabilities across both project management and ERP, with centralized management and platform wide data syncing

Design & AR / VR

Augmented Reality (AR) provides architects with the ability to digitally interact with their projects, while Virtual Reality (VR) enables planners to test and simulate situational circumstances steps ahead of the design process by immersing them in virtual environments characterized by pre-designed building models

Analytics & BIM

Analytics and Building Information Modelling (BIM) enables project planners to view 3D models of buildings, attack nuanced design clashes and optimize decision making during initial planning stages

ERP

CRM

Client relationship management enables construction businesses to manage relationships with prospects, clients, suppliers, contractors and partners

Legal & Compliance

Legal & compliance tools streamline construction environment health and safety (EHS) workflow management, enabling compliance with regulatory requirements

Finance & Accounting

Construction accounting expands general accounting features by augmenting software with modules to track job specific costs and revenues, manage payroll, and handle billing and procurement

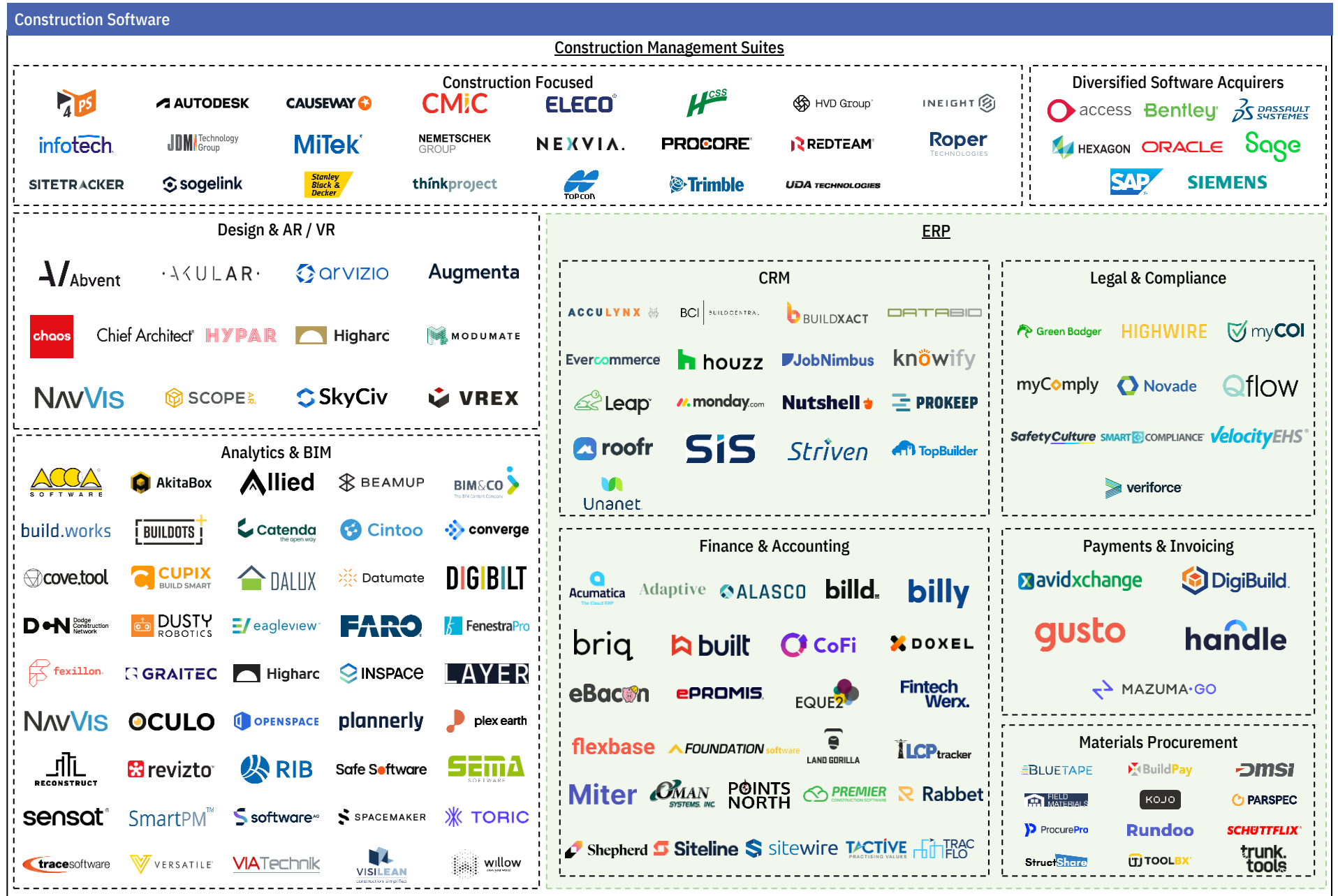
Payments & Invoicing

Payments & invoicing solutions help general contractors, owners and subcontractors simplify and automate the draw process, a detailed payment plan for the construction project

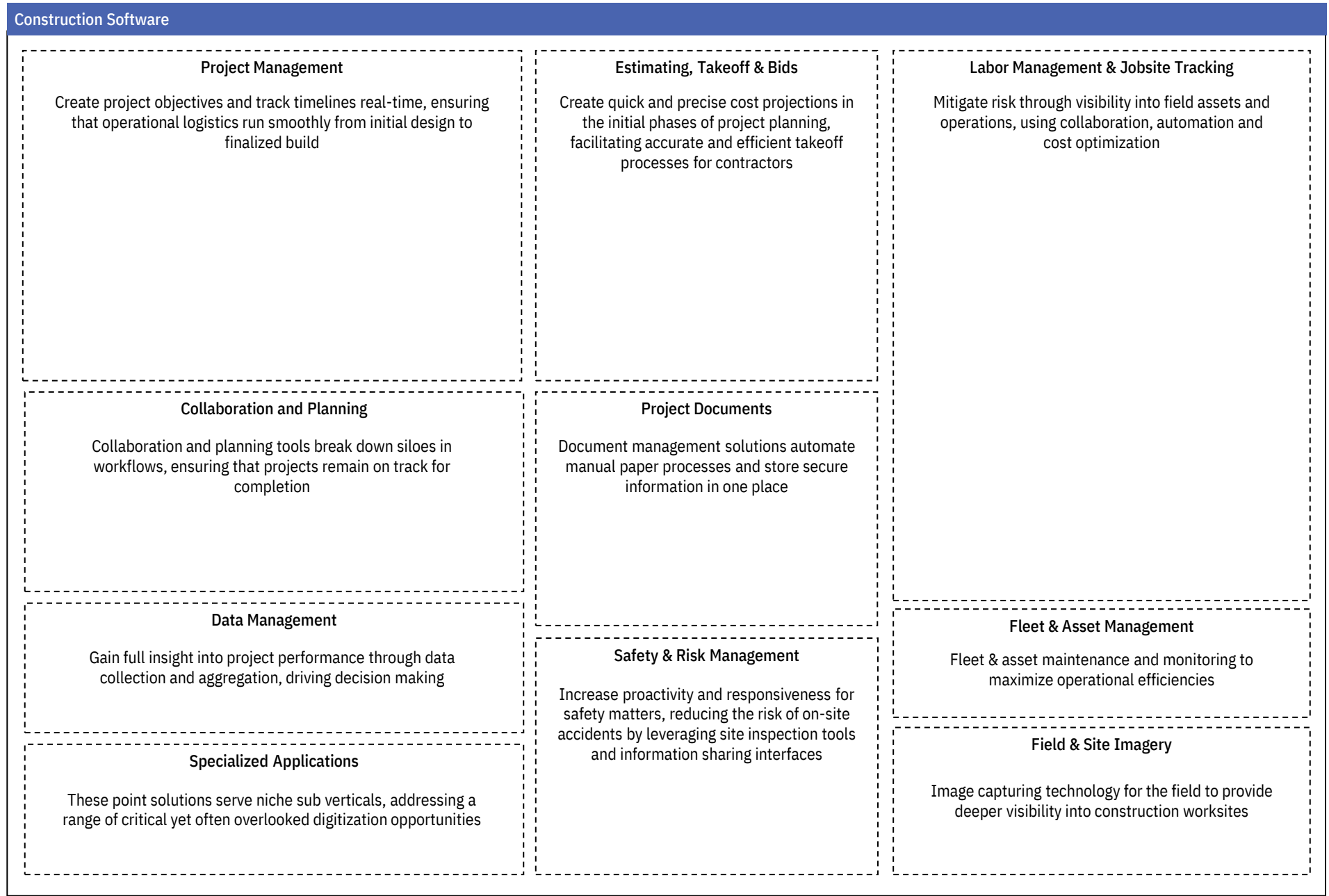
Materials Procurement

Materials procurement software streamlines the process of researching, selecting, ordering and paying for raw materials required in construction projects

Construction Software Market Landscape



Construction Software Market Landscape



Construction Software Market Landscape



International Presence of Construction Software Market

Notable Players in International Construction Software Market

North America

Canada



U.K.



EMEA

France



Germany



Israel



Nordic Regions

Denmark



Norway



Sweden



APAC

Australia / New Zealand




India




Other


Austria




Belgium



Bulgaria



Italy



Current PE-Backed Consolidators in Construction Software

Financial Sponsors have recognized the significant opportunity to digitize the construction space and have increased investment substantially over the past decade


Notable PE-Backed Construction Software Consolidators



CAUSEWAY 



 **Five Arrows**
Principal Investments

Platform that drives commercial performance in the construction industry

of Acquisitions: 9

 **Command Alkon**

 **ARES**  **HEIDELBERGCEMENT**

 **THOMABRAVO**  **BARINGS**

Offers software for job cost accounting, project management and scheduling


of Acquisitions: 13


 **EQUE2**

 **WestBridge**

ERP software offering estimating, contract and cost management

of Acquisitions: 3

 **HCSS**

 **THOMABRAVO**

Full suite project management platform for the heavy civil industry


of Acquisitions: 1


 **infobric**


 **STIRLING SQUARE**
CAPITAL PARTNERS

Platform intended to create sustainable and efficient construction sites

of Acquisitions: 14

 **Trackunit**

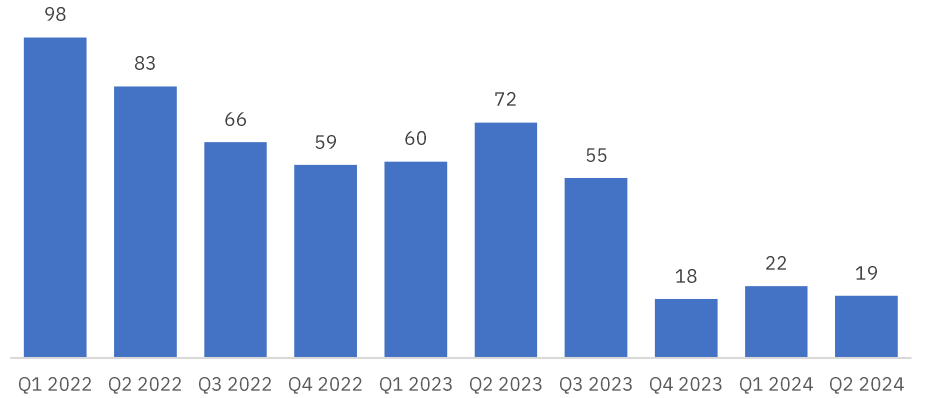
 **Hg Capital Trust plc**

 **Hg**

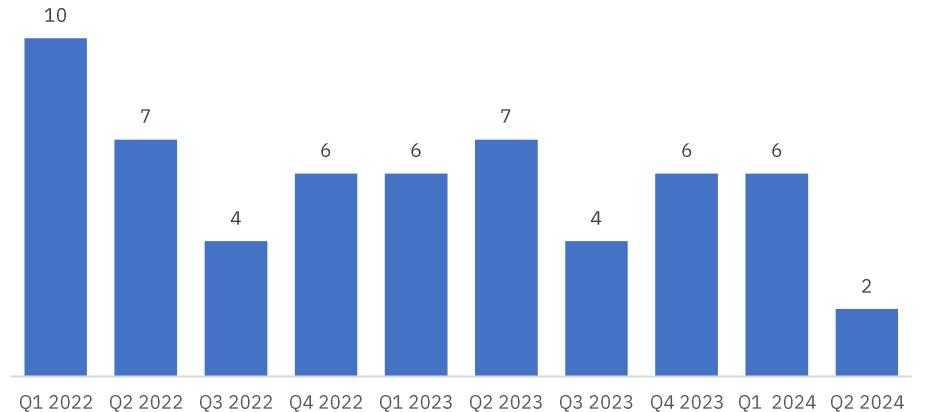
Provides fleet management systems to optimize construction sites

of Acquisitions: 4

Construction Software Financing Transactions



Construction Software M&A Transactions



In 2021 and early 2022, investment in construction software in the U.S. soared to record levels. However, market challenges subsequently tempered the pace of construction software investment, mirroring broader market trends. Although there has been a temporary deceleration in its adoption, construction technology is poised for a promising future. It represents one of the last frontiers of digitalization and is set to thrive as a key driver of robust economic growth.

Current Public Strategic Platforms in Construction Software

Construction Technology

ORACLE®

Market Cap	Revenue	EBITDA	Employees
\$31.6Bn	\$53.3Bn	\$25.7Bn	164,000

Acquisitions in: Project Management Suites, Payments

aconex **NEWMETRIX**

PRIMAVERA **Textura**
Construction Collaboration Solutions

"The increasingly global engineering and construction industry requires digital modernization in a way that automates manual processes and embraces the power of cloud computing" – Mike Sicilia, Oracle

HEXAGON

Market Cap	Revenue	EBITDA	Employees
\$30.6Bn	\$6.2Bn	\$2.3Bn	24,581

Acquisitions in: Analytics & BIM, Digital Twin, Project Management

AGTEK **AVVIR** **Bricsys®**

iConstruct **MULTIWISTA** **voyansi** **Projectmates**

"The solutions that general contractors leverage to help mitigate budget overruns and schedule delays during an asset's construction are often too limited to manage an entire construction program over multiple projects" – Paolo Guglielmini, Hexagon

Trimble

Market Cap	Revenue	EBITDA	Employees
\$14.5Bn	\$3.6Bn	\$962M	12,700

Acquisitions in: Design, Finance & Accounting, Project Management Suites

amtech **BD** **e-Builder** **Flashtract** **JOBPAC**
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RYvit **TEKLA** **VIANOVA** **VIEWPOINT**
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"Collaborating with Meta to create SketchUp Viewer for Meta is an important milestone toward making it easier for design and AEC professionals to tap into the power of VR" – Chris Cronin, Trimble

PROCORE®

Market Cap	Revenue	EBITDA	Employees
\$10.2Bn	\$1.2Bn	\$133MM	3,694

Acquisitions in: Project Management Suites

BIManywhere **ESTICOM** **HONEST BUILDINGS**

INDUS.AI **LABORCHART** **LEVELSET**

"Procore is investing in the future of preconstruction, an increasingly important and impactful part of the construction process" – Tooley Courtemanche, Procore

NEMETSCHek GROUP

Market Cap	Revenue	EBITDA	Employees
\$10.0Bn	\$1.0Bn	\$315MM	3,429

Acquisitions in: Analytics & BIM, Design, Project Documents

BLUEBEAM **DATA DESIGN SYSTEM** **dRofus** **GRAPHISOFT**
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go canvas **IIRISA** **SCIASOLIBRI** **VECTORWORKS**
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"With the ongoing transition of our business model to SaaS, the long-term growth drivers and the various innovations in our industry, the Nemetschek Group is at the beginning of a new phase of growth" – Yves Padrines, Nemetschek Group

AUTODESK

Market Cap	Revenue	EBITDA	Employees
\$46.2Bn	\$5.5Bn	\$1.2B	13,700

Acquisitions in: Analytics & BIM, Design, Operations & Planning

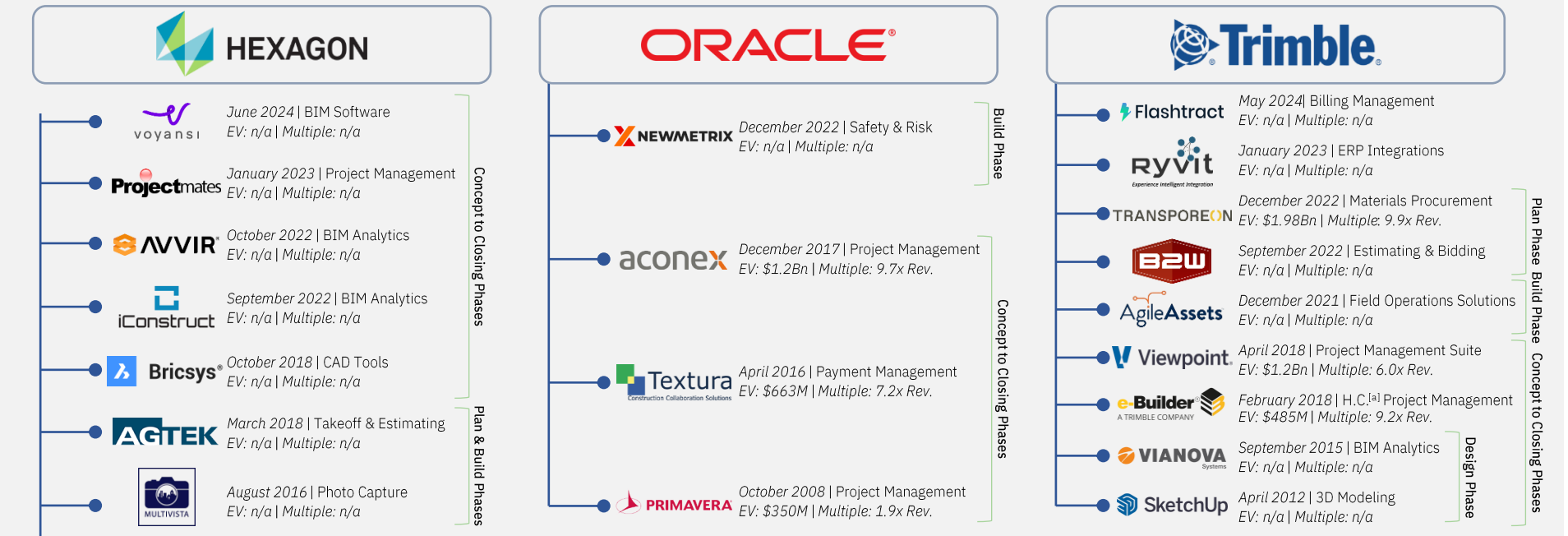
assemble **BUILDINGCONNECTED** **CONSTRUC** **PAYAPPS**
A TRIMBLE COMPANY A TRIMBLE COMPANY A TRIMBLE COMPANY A TRIMBLE COMPANY

PlanGrid **ProEst** **Pype** **SPACEMAKER**

"We are connecting project data from design through construction, creating the cloud-enabled tools necessary to make the critical preconstruction phase of a project more predictable and profitable" – Andrew Anagnost, Autodesk

Acquisitive Public Strategic Platforms: M&A Trends & Themes

Notable Public Strategic Construction Software Platforms



Established Footprint in Digital Reality & BIM Design Solutions

- Hexagon's acquisitions of iConstruct and Avvir highlight aggressive attempts to consolidate BIM & digital reality point solutions
 - iConstruct's BIM solutions offer comprehensive data management and project planning tools
 - Avvir's reality analysis platform enables construction teams to track project schedules real-time by leveraging onsite digital twins
- Projectmates acquisition provides centralized construction management platform to maximize project ROI for owners and GCs
- Given Hexagon's roots in digital reality capture solutions, the acquisition of Projectmates highlights a strategic angle to fully encapsulate all phases of the project lifecycle, from the planning stages through closeout / handover to facilities maintenance teams

Full-Suite Construction Project Management with Cloud Infrastructure

- Textura added complementary construction contracts and payments management cloud services to existing Oracle Primavera platform
- Aconex supplied an existing full-suite project collaboration solution that offers complete visibility and management of data, documents and costs
- Newmetrix adds new AI-enabled construction safety features to Oracle's Construction Intelligence Cloud
- Oracle's acquisitions have thematically focused on cloud-based solutions that play heavily in project management, QA and analytics in residential / commercial construction
 - There remains room for product expansion into BIM solutions that are catered towards the AEC / design subvertical of the market

Diversified Tuck-Ins for an Integrated Ecosystem of Construction Applications

- Trimble initially entered AEC and design through the acquisition of Google's SketchUp
- e-Builder added a breadth of integrated project delivery solutions for owners with an emphasis on the execution / build phase of the construction lifecycle
- The \$1.2Bn acquisition of Viewpoint capitalized on the complementary nature of product integrations with e-Builder
 - Fully integrating a contractor's financial / resource management to project operations and jobsite activity
- The AEC industry is trending towards more connected software
 - Trimble's acquisition of Ryvit serves as a prime example of larger players investing in interoperability to solve imbalances across their product line and promote a fully integrated ecosystem of portfolio products

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Shea & Company Overview

Current Market Trends Q1 CY2024

Construction Market Overview & Trends

Market Segmentation

—————> **Sector Deep-Dives: Construction Market**

Select Construction Software Companies for Discussion

Sector Deep Dive: Analytics & BIM

The adoption of Analytics & Building Information Modelling (BIM) is rapidly increasing in the design, construction, and operational maintenance of new building projects; leveraging analytical insights alongside digital models is paving the way for cost-efficient construction with optimal accuracy

Solution Offerings & End Users

	<ul style="list-style-type: none"> Parametric Estimating Technology: Enables project planners to accelerate the building process from concept design to final estimate by creating deep visual context throughout initial design phases 	Construction Managers, General Contractors
	<ul style="list-style-type: none"> BIM Analytical Dashboards: Configurable analytics charts allow users to harness crucial cost data, track quantities from suppliers and streamline procurement/delivery schedules accurately and efficiently 	Director of Operations, Lead Architects
	<ul style="list-style-type: none"> Data Integration and Handovers: Fully built digital models with resolved design clashes can be transitioned and deployed to set up corresponding building-management systems and facilitate a smooth data handover process 	CTO, Design Engineers
	<ul style="list-style-type: none"> Cloud BIM: Enhances the communication and collaboration between several project team members by providing a real-time communication platform with the ability to share modular data 	Director of Operations, Project Manager

Emerging Trends & Themes

- Optimized Project Planning: As owners and operators adopt interactive digital simulations with precise transparency on all components of a design, analytical insights to these models help accelerate decision-making
- Preemptive Cost Savings: BIM Analytics tools allow project owners to identify geometric clash relationships early on in a project's design phase, minimizing costly on-site delays
- Enhanced Design Quality: BIM software including model-driven simulations and 3D spatial analysis technology is a key driver for peak design quality and structural integrity, leading to the completion of high-performance buildings, more profitable projects and increased on-site safety
- Digital Twins: Companies are beginning to anchor office IOT and smart building systems using data-driven digital twin models

Representative Landscape

Analytics				
BIM				

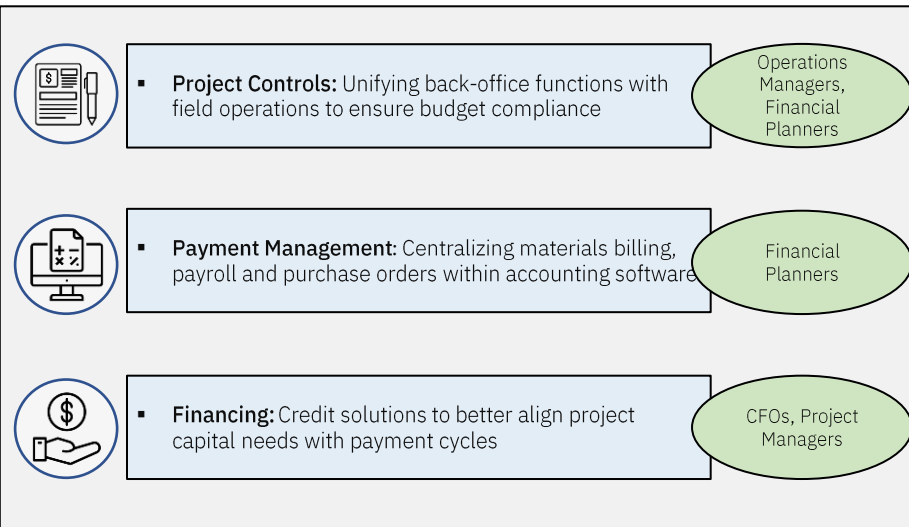
Recent Transactions

Date	Acquirer(s) / Investor(s)	Target	EV	EV / LTM Rev
10/12/22			n/a	n/a
04/12/22			n/a	n/a
06/07/21			\$34M	8.5x
11/17/20			\$240M	n/a
08/28/19			\$44M	n/a

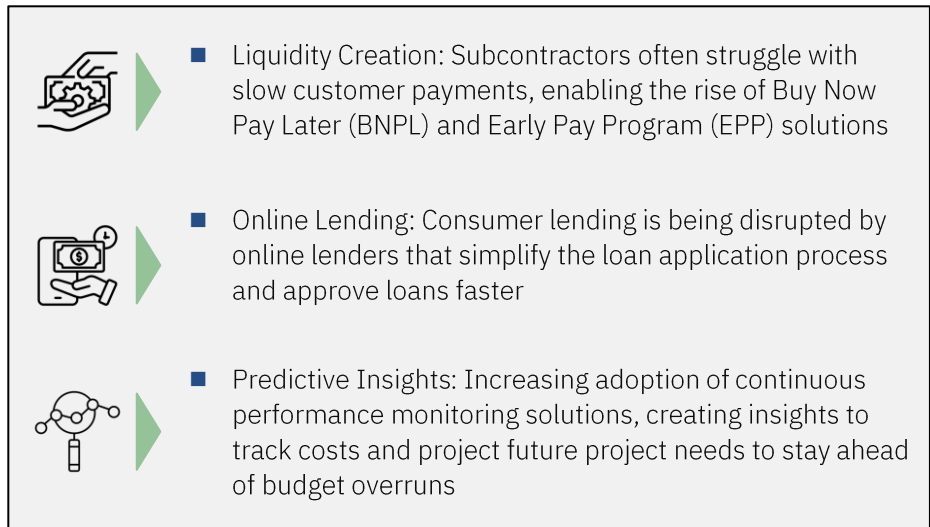
Sector Deep Dive: Finance & Accounting

As a capital-intensive industry that requires both a high initial outlay as well as steady access to capital, construction projects require a high degree of enterprise resource planning (ERP) and must monitor cash flows carefully in order to prevent project delays and cancellation

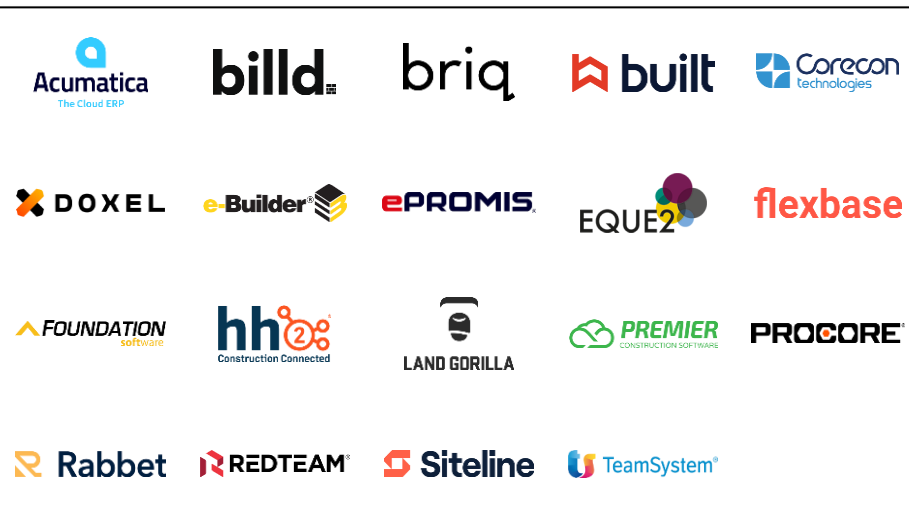
Solution Offerings & End Users



Emerging Trends & Themes



Representative Landscape



Recent Transactions

Date	Acquirer(s) / Investor(s)	Target	EV	EV / LTM Rev
02/29/24	JDM Technology Group	penta STRUXI	n/a	n/a
12/01/22	access	COINS	n/a	n/a
01/19/22	BRAEMONT CAPITAL	REDTEAM	\$28M	n/a
09/22/21	PROCORE	LEVELSET	\$500M	n/a
08/19/19	Roper TECHNOLOGIES	ComputerEase	\$186M	9.3x

Sector Deep Dive: Project Management / Operations & Planning

Construction projects are notorious for running over budget and facing delays due to subpar planning and execution; addressing pain points around operations and planning is essential to modernizing the construction industry and driving growth and profitability for companies in the sector

Solution Offerings & End Users

	<ul style="list-style-type: none"> Accounting and Cost Review: Automated budgeting and supply cost breakdowns help precisely depict overall cost estimates of complex projects 	Preconstruction Manager, Estimator
	<ul style="list-style-type: none"> Project Management: Operational platforms generate data-driven productivity insights that help streamline project pipelines and logistics 	COO, Director of Operations
	<ul style="list-style-type: none"> Bid Management: Tools that allow planners to simplify the process of prequalifying subcontractors, simultaneously reducing risk and avoiding delays by digitizing manual paperwork 	Preconstruction Manager
	<ul style="list-style-type: none"> Project Scheduling: Organized material distribution schedules allow companies to overcome logistical hurdles and follow strict project timelines and tasks 	Director of Operations, Project Manager

Emerging Trends & Themes

- Automated Accounting:** Companies are beginning to automate accounting activities to reduce the number of human errors and provide accurate budgets and financial forecasts for projects
- Integration of Artificial Intelligence:** Constructors have rapidly increased the use of AI to automate human tasks and receive performance insights, creating strategies based on collected data
- Increase in Pre-Fabrication and Modular Construction:** Advanced planning supports productive off-site manufacturing of construction elements that are customized to match the specific requirements of a project's complexity

Representative Landscape

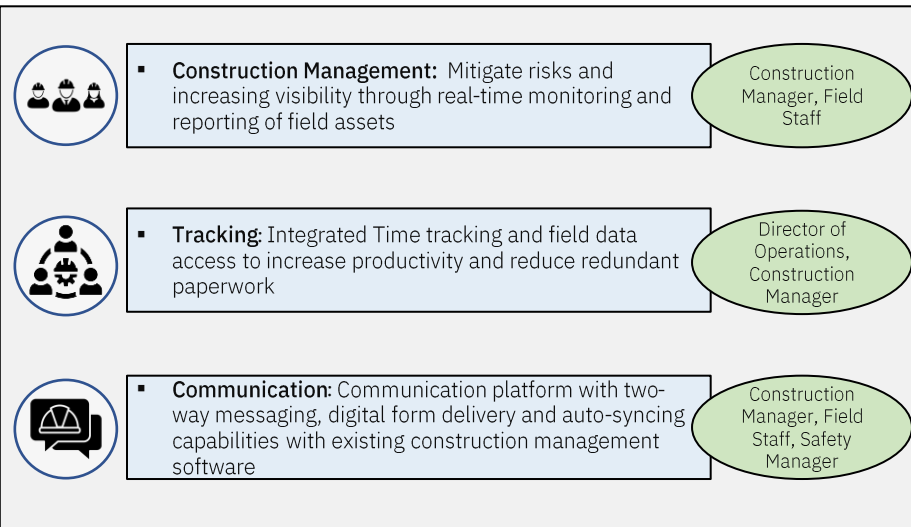
Recent Transactions

Date	Acquirer(s) / Investor(s)	Target	EV	EV / LTM Rev
01/12/23	HEXAGON	Projectmates	n/a	n/a
06/29/21	Builders FirstSource	PARADIGM	\$450M	9.0x
02/11/21	rb RITCHIE BROS. Auctioneers	SmartEquip Be Ready.	\$175M	n/a
12/11/20	WestBridge	EQUE2	\$61M	3.1x
05/23/18	Trimble	VIEWPOINT	\$1,200M	n/a

Sector Deep Dive: Jobsite Labor Management and Equipment Management

The construction process is complex and dangerous; it includes the collaboration of many professionals possessing different skillsets; being able to effectively manage a jobsite and workforce is imperative to maintaining safety standards and improving work efficiency

Solution Offerings & End Users



Emerging Trends & Themes

- Cost optimization:** Construction labor accounts for ~40% of project costs, having a proper workforce management system in place is a key part of success as a contractor
- Automation:** Coordinating jobsites and the workforce using advanced data and analytics driven automation has become central in optimizing efficiency
- Collaboration:** Developers are demanding software to increase collaboration among the workforce and on the jobsite. A recent Procore survey found 75% of respondents believe there will be an increase in the use of collaborative construction technology











Representative Landscape









Recent Transactions

Date	Acquirer(s) / Investor(s)	Target	EV	EV / LTM Rev
05/04/23	FOUNDATION software	AboutTime	n/a	n/a
11/17/22	ptc	SERVICEMAX	\$1,460M	n/a
11/16/21	HILTI	FIELDWIRE	\$300M	n/a
10/21/21	PROCORE	LABORCHART	\$76M	n/a
06/29/21	Five Arrows Principal Investments	CAUSEWAY	n/a	n/a

Notable Transactions in Construction Software

M&A					
	January 2024	January 2024	January 2024	May 2024	June 2024
Target					
Acquirer	 <small>STIRLING SQUARE CAPITAL PARTNERS TA ASSOCIATES</small>				
Enterprise Value	\$982M	n/a	n/a	n/a	\$700M
Target Summary	Byggfakta offers a fully integrated data and software platform for construction companies	Bridgetown offers a bid management platform designed for construction professionals	Payapps is offers a cloud-based payment claim platform for the construction industry	Flashtract offers an online billing designed to automate payments for the construction industry	GoCanvas is a workflow automation application to streamline organization-wide information

Capital Raises					
	November 2023	February 2024	May 2024	June 2024	September 2024
Target					
Investors	 <small>NAVITAS CAPITAL KOCH INVESTMENTS GROUP</small>	 			
Round / Amount Raised	Series A / \$37M	Series B / \$53M	Series B / \$25M	Series A / \$30M	Series A / \$28.5M
Target Summary	Ingenious.Build offers a data driven platform that manages the entire project life cycle	Higharc is a homebuilding BIM platform offering 3D custom home designs	TraceAir provides advanced site management solutions through its innovative drone-based platform	Tenderd develops a heavy equipment analytics platform for effective, sustainable operations	Consolidates construction planning data, streamlining the permitting process

Precedent Transactions: Publicly Available Construction Software Metrics

(\$ millions)

Ann. date	Target	Acquirer	Enterprise Value	EV / Revenue		Growth %	EV / EBITDA		EBITDA Margin %
				Current yr	Forward yr		Current yr	Forward yr	
06/06/24	GoCanvas	Nemetschek	\$771	11.5x	-	-	-	-	20%
01/05/24	Byggfakta Group	Macquarie Capital, Stirling Square Capital Partners, TA Associates	\$982	4.0x	3.6x	10%	11.9x	10.5x	34%
12/05/23	Sogelink	CVC Capital Partners	\$1,100	7.4x	-	-	20.4x	-	5%
07/18/23	Coredination AB	SmartCraft	\$2	-	-	-	-	-	-
06/21/23	Infobric	Stirling Square Capital Partners	\$316	-	-	-	-	-	-
05/09/23	Corecon Technologies	The Sage Group	\$16	-	-	-	-	-	-
12/01/22	Transporeon	Procure Technologies	\$1,981	-	-	-	-	-	-
11/17/22	ServiceMax	PTC	\$1,460	-	-	-	-	-	-
05/26/22	BIT Software	Entersoft	\$4	-	-	-	12.5x	-	-
01/19/22	RedTeam	Braemont Capital	\$28	-	-	-	-	-	-
11/16/21	Power Line	Bentley	\$696	-	-	-	-	-	-
11/16/21	FieldWire	Hilti	\$300	-	-	-	-	-	-
10/22/21	LaborChart	Procure Technologies	\$76	-	-	-	-	-	-
09/27/21	SmartEquip	Ritchie Bros. Auctioneers	\$175	-	-	-	-	-	-
09/22/21	Levelset	Procure Technologies	\$500	-	-	-	-	-	-
06/29/21	Paradigm	Builders Firstsource	\$450	9.0x	-	-	-	-	-
06/07/21	HoloBuilder	FARO Technologies	\$34	8.5x	-	-	-	-	-
12/11/20	Eque2	Westbridge Capital Partners	\$61	3.1x	-	-	-	-	-
11/17/20	Spacemaker AI	Autodesk	\$240	-	-	-	-	-	-
03/31/20	Command Alkon	Thoma Bravo	\$500 [b]	-	-	-	14.3x [b]	-	-
02/13/20	RIB Software	Schneider Electric	\$1,528 [b]	-	-	-	-	-	-
12/20/19	Graitec Group	Apax Partners	\$261	21.1x	-	7%	nm	-	34%
08/28/19	US CAD	RIB Software	\$44	-	1.3x	-	-	5.3x	-
06/06/19	Building Systems Design	RIB Software	\$70	-	5.0x	-	-	-	-
12/20/18	BuildingConnected	Autodesk	\$275 [b]	11.0x [b]	-	-	-	-	-
11/20/18	PlanGrid	Autodesk	\$875	12.5x [b]	8.8x	50%	-	-	-
07/09/18	Assemble Systems	Autodesk	\$94	-	-	-	-	-	-
07/02/18	Gordian Group	Fortive	\$775	6.0x	-	-	-	-	-
04/23/18	Viewpoint	Trimble	\$1,200	-	6.0x	-	-	-	-
02/02/18	e-Builder	Trimble	\$485	9.2x	-	20%	-	-	-
12/17/17	Aconex	Oracle	\$1,200	7.9x	6.7x	35%	nm	-	5%
10/31/16	ConstructConnect	Roper Technologies	\$632	-	-	-	-	-	-
07/27/15	On Center Software	Roper Technologies	\$157	-	-	-	-	-	-
		Mean	\$523.9	9.3x	5.2x	24%	14.8x	7.9x	19%
		Median	\$315.7	8.8x	5.5x	20%	13.4x	7.9x	20%

Agenda

Shea & Company Overview

Current Market Trends Q1 CY2024

Construction Market Overview & Trends

Market Segmentation

Sector Deep-Dives: Construction Market

→ **Select Construction Software Companies for Discussion**

Market Leaders Driving the Adoption of Software in the Construction Industry



HQ	<ul style="list-style-type: none"> ▪ Kitchener, Ontario, Canada 	<ul style="list-style-type: none"> ▪ Santa Barbara, CA, USA 	<ul style="list-style-type: none"> ▪ Omaha, NE, USA
Product Portfolio	<ul style="list-style-type: none"> ▪ Developer of a workforce management platform that allows builders to manage workload tasks efficiently 	<ul style="list-style-type: none"> ▪ Developer of financial automation platform designed to streamline construction payments and purchases 	<ul style="list-style-type: none"> ▪ Developer of software that combines project scheduling and management, customer management and service management
Deployment Type	<ul style="list-style-type: none"> ▪ SaaS 	<ul style="list-style-type: none"> ▪ SaaS 	<ul style="list-style-type: none"> ▪ SaaS
Strengths	<ul style="list-style-type: none"> ▪ Real time updates ▪ Next generation forecasting ▪ Seamlessly connected to tech stack 	<ul style="list-style-type: none"> ▪ Automated project planning and revenue forecasting ▪ Streamlined financial processes with spend management tools ▪ Automated billing and invoicing 	<ul style="list-style-type: none"> ▪ Large repository of features ▪ Real time and centralized data ▪ Superior communication
Market Focus	<ul style="list-style-type: none"> ▪ Labor Management & Jobsite Tracking 	<ul style="list-style-type: none"> ▪ Finance & Accounting 	<ul style="list-style-type: none"> ▪ Operations & Planning
Employee Count	<ul style="list-style-type: none"> ▪ 90 	<ul style="list-style-type: none"> ▪ 222 	<ul style="list-style-type: none"> ▪ 773
Key Executives	<ul style="list-style-type: none"> ▪ Mallorie Brodie (Co-founder & CEO) ▪ Lauren Lake (Co-founder & COO) 	<ul style="list-style-type: none"> ▪ Bassem Hamdy (Co-founder & CEO) ▪ Ron Goldshmidt (Co-founder & COO) 	<ul style="list-style-type: none"> ▪ Dan Houghton (Co-founder & CEO) ▪ David Hinderaker (CFO)
Investors / Acquirers	<ul style="list-style-type: none"> ▪ Allon Ventures ▪ Camber Creek ▪ Storm Ventures 	<ul style="list-style-type: none"> ▪ Blackhorn Ventures ▪ MetaProp NYC ▪ Tiger Global Management 	<ul style="list-style-type: none"> ▪ Bain Capital Tech Opportunities ▪ HGGC ▪ Serent Capital
Last Financing	<ul style="list-style-type: none"> ▪ Raised \$7 million of venture funding from Canadian Imperial Bank of Commerce (July 2023) 	<ul style="list-style-type: none"> ▪ Received an undisclosed amount of debt financing in the form of a loan from Silicon Valley Bank (September 2022) 	<ul style="list-style-type: none"> ▪ Received an undisclosed amount of development capital from Serent Capital (February 2021)

Market Leaders Driving the Adoption of Software in the Construction Industry



HQ	<ul style="list-style-type: none"> Nashville, TN, USA 	<ul style="list-style-type: none"> England, UK 	<ul style="list-style-type: none"> Strongsville, OH, USA
Product Portfolio	<ul style="list-style-type: none"> Developer of construction lending software designed to mitigate risk and simplify loan construction management with real-time visibility 	<ul style="list-style-type: none"> Developer of software that assists in every stage of construction planning and operations, helping improve commercial performance 	<ul style="list-style-type: none"> Developer of construction accounting software intended for small to medium-sized specialty contractors, providing customers with exceptional back-office tools to run their business
Deployment Type	<ul style="list-style-type: none"> SaaS 	<ul style="list-style-type: none"> SaaS 	<ul style="list-style-type: none"> SaaS
Strengths	<ul style="list-style-type: none"> Ease of use from simplicity Ability to request draws efficiently Transparency between parties 	<ul style="list-style-type: none"> Caters to a variety of professionals Real time and accurate data Centralized cloud platform 	<ul style="list-style-type: none"> Comprehensive construction accounting product suite User friendly interface Seamless integration capabilities
Market Focus	<ul style="list-style-type: none"> Finance & Accounting 	<ul style="list-style-type: none"> Construction Management Suite 	<ul style="list-style-type: none"> Finance & Accounting
Employee Count	<ul style="list-style-type: none"> 463 	<ul style="list-style-type: none"> 363 	<ul style="list-style-type: none"> 241
Key Executives	<ul style="list-style-type: none"> Chase Gilbert (CEO) Bob Elliot (CRO) 	<ul style="list-style-type: none"> Philip Brown (Founder & CEO) Mark Howell (CFO) 	<ul style="list-style-type: none"> Michael Ode (CEO) Ed Frantz (CFO)
Investors / Acquirers	<ul style="list-style-type: none"> 9Yards Capital Brookfield Growth TCV 	<ul style="list-style-type: none"> Five Arrows Principal Investments 	<ul style="list-style-type: none"> Thoma Bravo Goldman Sachs
Last Financing	<ul style="list-style-type: none"> Raised \$125MM of Series D funding led by TCV (September 2021) 	<ul style="list-style-type: none"> Received £120MM of development capital from Five Arrows Principal Investments (June 2021) 	<ul style="list-style-type: none"> Raised \$23MM of debt financing (May 2023)

Market Leaders Driving the Adoption of Software in the Construction Industry



HQ	<ul style="list-style-type: none"> Sugar Land, TX, USA 	<ul style="list-style-type: none"> Dallas, TX, USA 	<ul style="list-style-type: none"> Aalborg, Denmark
Product Portfolio	<ul style="list-style-type: none"> Developer of a full-suite project management platform, helping construction companies streamline workflows and operations 	<ul style="list-style-type: none"> Developer that assists in scheduling, procurement and collaboration solutions, leading to better operational control 	<ul style="list-style-type: none"> Developer of fleet management systems that collect and analyze construction machine data in real-time
Deployment Type	<ul style="list-style-type: none"> SaaS 	<ul style="list-style-type: none"> SaaS 	<ul style="list-style-type: none"> SaaS
Strengths	<ul style="list-style-type: none"> Broad product offering Pre-Construction to Safety Management Numerous Data Integrations 	<ul style="list-style-type: none"> Collaborative Streamlines supply chain Dynamic integrations 	<ul style="list-style-type: none"> Integrated operating platform User-friendly interface Robust telematics
Market Focus	<ul style="list-style-type: none"> Construction Management Suite 	<ul style="list-style-type: none"> Operations & Planning 	<ul style="list-style-type: none"> Fleet & Asset Management
Employee Count	<ul style="list-style-type: none"> 501 	<ul style="list-style-type: none"> 172 	<ul style="list-style-type: none"> 411
Key Executives	<ul style="list-style-type: none"> Steve McGough (President & CEO) Drew Thomas (CFO) 	<ul style="list-style-type: none"> Felix Vasquez (CEO & President) Dan Lanier (Co-CEO & COO) 	<ul style="list-style-type: none"> Soren Brogaard (CEO) Mikkel Dalgas (CTO)
Investors / Acquirers	<ul style="list-style-type: none"> Thoma Bravo 	<ul style="list-style-type: none"> Brandon Partners GreyLion Capital Stone Point Capital 	<ul style="list-style-type: none"> Hg Capital
Last Financing	<ul style="list-style-type: none"> The Company was acquired by Thoma Bravo through an LBO for an undisclosed amount (November 2021) 	<ul style="list-style-type: none"> Received an undisclosed amount of development capital from GreyLion Capital and Stone Point Capital (October 2020) 	<ul style="list-style-type: none"> The Company was acquired by HgCapital Trust and HG Capital through a DKK 3 billion LBO (June 2021)

Leading Advisor in Construction Software

Construction Software is a core competency for our firm; we have been among the most active advisors (if not the most active), completing multiple market-defining transactions with leading companies

Thought Leader in the Construction Software Market

- We have completed transactions across the market, working on both buy-side and sell-side engagements, and interacting regularly with all of the relevant players in these sectors to deliver superior outcomes and support market developments
- Established recurring dialogue with the leading private equity investors, strategic acquirers, and market leading companies in the ConTech ecosystem
- Multiple active mandates spanning the ConTech lifecycle provide holistic industry knowledge and connections to achieve a desired outcome
- Comprehensive ConTech industry insight developed using the latest data gathered from industry practitioners

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Recent Experience

 <p>have been acquired by</p> 	 <p>has received a strategic investment from</p> 	 <p>has received an equity investment from</p> 
 <p>has received an investment from</p> 	 <p>has been acquired by</p> 	 <p>has received an investment from</p> 
 <p>has been acquired by</p> 	 <p>has acquired</p> 	 <p>has acquired</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has made a majority investment in</p> 

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