

Ascentage

Built Environment – Segment Spotlight Construction ERP Ecosystem

January 2024



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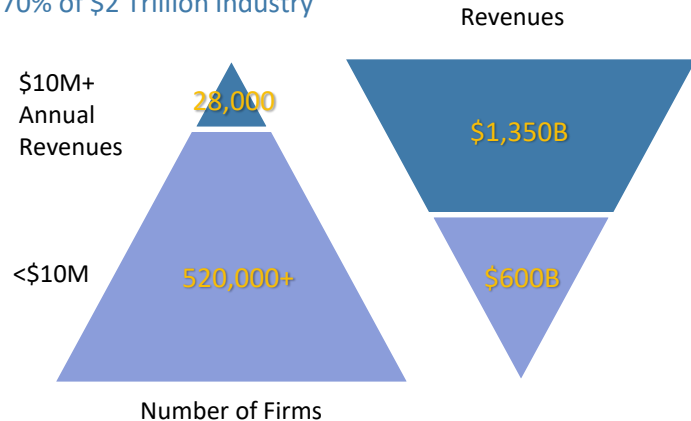


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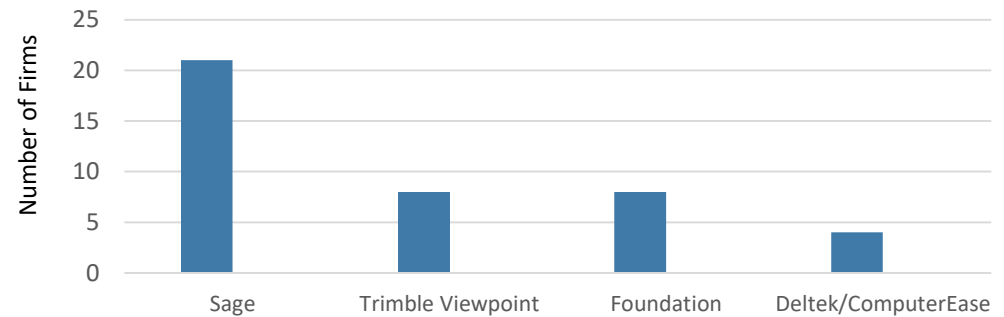
Construction Enterprise Resource Planning (ERP) Solutions

Industry Fragmentation Favors Relatively Concentrated ERP Providers and Positions Them to Play a Role in Construction's Digital Transformation

28,000 US Construction Firms Represent
70% of \$2 Trillion Industry



4 Leading Construction ERP Providers
Represent 'Lion's Share' of US Market – Approximately 40,000 Customers



See next page for more complete construction ERP landscape

Construction ERP solutions and their partner ecosystems play a critical aspect in the ongoing construction industry transformation:

- ERP represents the largest single **software investment** by contractors and subcontractors, and the foundation of their technology stack
- Even after significantly increased attention, relatively few construction firms have **inhouse technology** capabilities/staff – the ENR 400 GCs and top half of the ENR 600 Specialty Contractors are a good proxy for firms with inhouse resources
- Mid-sized firms – with revenues from \$10M and up to \$500M – have effectively **outsourced technology**; in many cases to value-added resellers and service providers partnered with Sage, Trimble Viewpoint, Foundation and Deltek/ComputerEase
- These **partner ecosystems** offer construct tech startups access to a broader customer base as they scale

“We expect continued M&A and investor activity at the intersection of construction ERP providers, ERP channel partners and construct tech operational solutions.”



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Construction ERP Solutions Moving to SaaS

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Cloud Solutions Offer Improved Scalability/Security and Operations/Finance Integration

Construction Companies by Size

ENR 400 General Contractors and top 150 of ENR 600 Specialty Contractors – more than \$250M in Revenue

27,500 GCs and Trade Contractors with \$10 to \$250M in Revenue

520,000+ Smaller Contractors

Incumbent Solutions

Tend to Be Segmented by Contractor Size



Emergent SaaS Solutions

Active Across Broader Market Segments



- Availability of SaaS solutions has prompted contractors to consider their ERP options – ‘**once in a generation**’ competition
- Broader set of options available, and **blurring of lines** between enterprise-scale ERP for large contractors and desktop solutions for SMEs
- Risk-averse **construction industry will move conservatively**, and Incumbent players will try to ‘manage’ the pace of transition
- In turn, this choice impacts other aspects of construction technology stack, including **integrated operational solutions** for
 - Preconstruction – bidding, estimating and scheduling
 - Construction Operations – project, workforce and equipment/asset management
- SaaS-based back office to field integration provide superior access to structured data, and open options for real performance improvement via analytics and **artificial intelligence (AI)**

Sage Partner Network – Representative Players

Dissecting a Market Leader's Ecosystem

Sage Channel Partners Value Added Resellers (VARs)



Accounting Firms

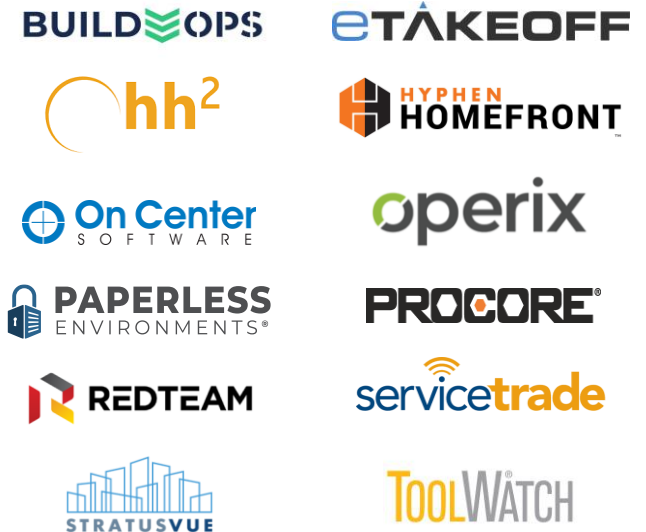


FORV/S

Sage

- Sage Intacct for Construction
- Sage 300 Construction and Real Estate (CRE)
- Sage 100 Contractor
- Sage Construction Management ⁽ⁱ⁾

CRE Technology Partners Independent Software Vendors (ISVs) Construction/Operational Solutions


































Financial Solutions – e.g. AP and Payroll



Select Construction ERP Ecosystem M&A/Investment Transactions

Two Key Trends – Integration of Operational Solutions with ERP Platforms and Further Distribution Channel Consolidation

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Investor	Acquirer	Target	Date	Type	Target Description	Comments and Observations
	 AUTODESK	 PAYAPPS	Jan 24	M&A	<ul style="list-style-type: none"> Construction payment management solution – aka GC Pay in US market 	<ul style="list-style-type: none"> Further integration into construction operations by Autodesk
 Riverside	 TOOLWATCH	 busybusy	Dec 23	M&A	<ul style="list-style-type: none"> Construction time and attendance solution 	<ul style="list-style-type: none"> Horizontal integration of asset and workforce management
 Evergreen Services Group		 alliance SOLUTIONS	Oct 23 ⁽ⁱ⁾	Growth Capital	<ul style="list-style-type: none"> Leading CRE Sage VAR and systems integration provider 	<ul style="list-style-type: none"> IT services and systems integration consolidator – part of Alpine
 LMP LOVELL MINNICK PARTNERS Industry Experts. Collaborative Partners.		 NetatWork BUSINESS PERFORMANCE UNLEASHED	Sept 23	Buyout	<ul style="list-style-type: none"> Leading Sage and Acumatica VAR and systems integration provider 	<ul style="list-style-type: none"> \$130M buyout by business services PE firm
	 HILTI	 4PS	July 23	M&A	<ul style="list-style-type: none"> Construction ERP solution 	<ul style="list-style-type: none"> To be integrated with OnTrack tool management and Fieldwire field management
 THOMABRAVO	 FOUNDATION	 AboutTime	May 23	M&A	<ul style="list-style-type: none"> Construction time and attendance solution – now trading as WorkMax 	<ul style="list-style-type: none"> Additional operational functionality as part of roll-up strategy
	 Sage	 Corecon technologies	May 23	M&A	<ul style="list-style-type: none"> Construction management solution, including workforce management 	<ul style="list-style-type: none"> Forward integration by construction ERP market leader into operational software
 nuvei		 paya	Feb 23	M&A	<ul style="list-style-type: none"> Leading AP provider 	<ul style="list-style-type: none"> \$1.3B acquisition – note that Paya was spun out of Sage in 2017 by GTCR private equity, SPAC IPO in 2020
 Hg	 access	 coins	Dec 22	M&A	<ul style="list-style-type: none"> Construction project management and ERP platform 	<ul style="list-style-type: none"> Combination of project management and horizontal ERP solution
 M33 GROWTH		 operix	Aug 22 ⁽ⁱ⁾	Growth Capital	<ul style="list-style-type: none"> Field/service operations solution – Sage partner 	<ul style="list-style-type: none"> Growth capital investment
 THOMABRAVO	 FOUNDATION	 SAFETY	June 22	M&A	<ul style="list-style-type: none"> Construction safety solution (fka Harness Safety) 	<ul style="list-style-type: none"> Additional operational functionality as part of roll-up strategy
 capstreet		 hh² Construction Connected	Feb 22	Buyout	<ul style="list-style-type: none"> Construction project management solution – Sage partner 	<ul style="list-style-type: none"> Initial step in ‘buy and build’ strategy
 THOMABRAVO	 FOUNDATION	 estimating EDGE	Dec 21	M&A	<ul style="list-style-type: none"> Estimating software for general contractors and subcontractors 	<ul style="list-style-type: none"> Additional operational functionality as part of roll-up strategy

(i) Ascentage advised transaction

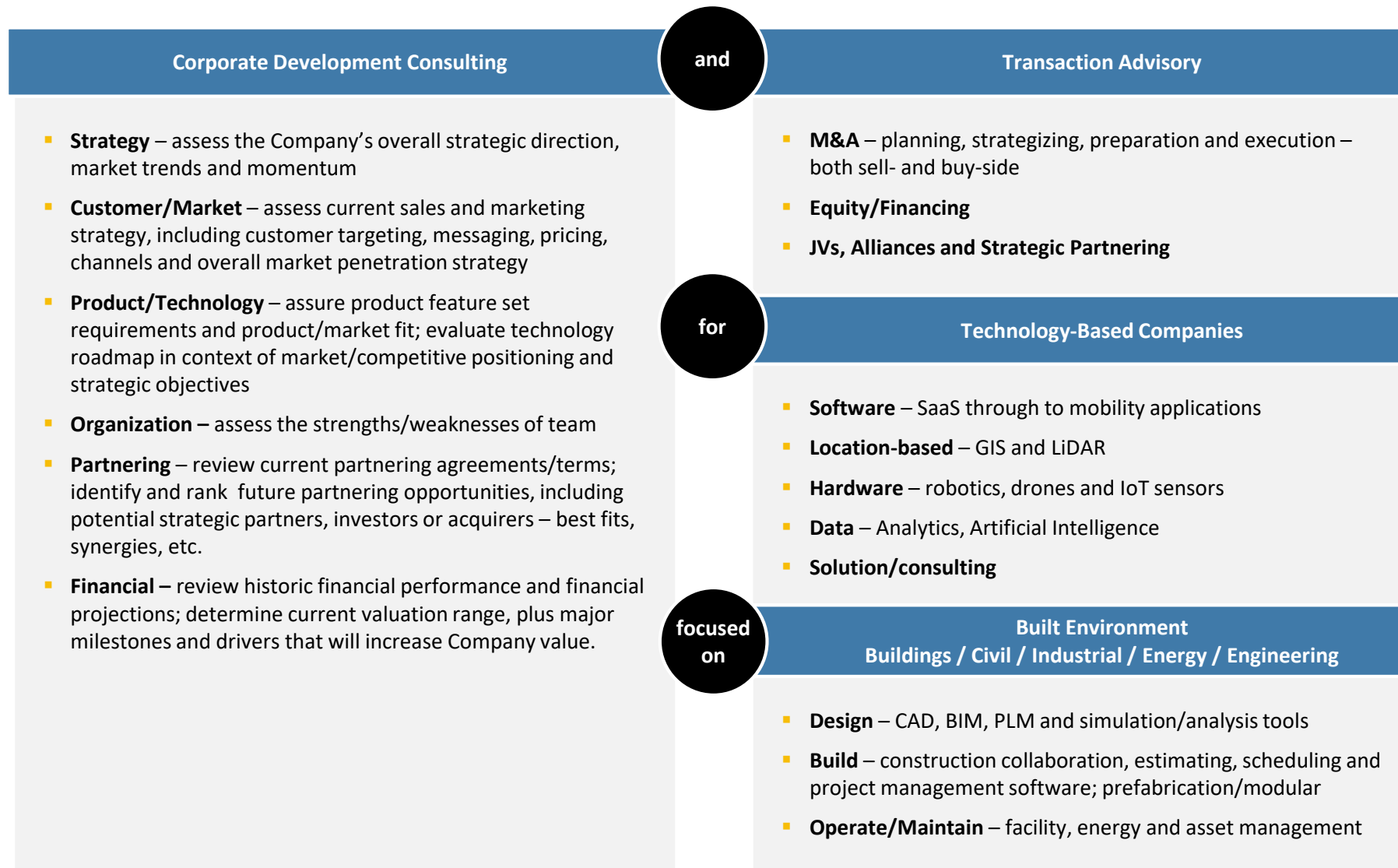
Sources: Pitchbook, LinkedIn, company websites, press releases



About Us






















































Ascentage is Well Positioned

Dedicated Team Combines Growth Consulting by Seasoned Industry Executives with Tenured Investment Bankers and Stalwart Transaction Execution



Trusted Advisor to the Built Environment

25+ Year History of Successful M&A Transactions
Supported by Depth of AEC Industry Knowledge

 Strategic Investment by  Sage CRE Solutions Partner	 Sale to  PLM and MES Solutions	 Acquisition of  Learning Management Solution	 Strategic Investment by  Field Service/Construction Operations Management	 Sale to  Transportation Infra Asset Management	 Acquisition of  Learning Management Solution	 Sale to  Automated Support for Banks and Credit Unions
 Acquisition of  Construction Schedule Management	 Strategic Investment by  Engineering Visualization Toolkits	 Sale to  Cloud BIM Construction Project Management	 Sale to  3D Modeling Automated Laser Scanning	 Sale to  Collaborative Robotic Control and Simulation	 Sale to  Industrial Scale- Management Software	 Spin-off to  Autodesk VAR Business
 Sale to  Geospatial Asset Management	 Sale to  Right-of-Way Management Software	 Sale to  Network Spatial Engineering Software	 Sale to  5D Virtual Construction BIM Software	 Sale to  Cloud PLM Search Technology	 Acquisition of  Construction Administration Software	 Sale to  Point-cloud Processing Software
 Sale to  GIS-Based Asset Management	 Sale to  Mobile Robot Software and Technology	 Sale to  Engineering Consulting	 Sale to  Facilities Management Software	 Sale to  Water Resource CAD Solution	 Sale to  Road and Rail Design Software	 Sale to  PDM Software Application

Sources and Disclosures

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Sources and Notes

Data Sources

1. Pitchbook
2. LinkedIn
3. Public company releases, filings, and earnings transcripts

Company References

1. Miscellaneous company and press releases

Disclosures

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Helping technology companies evolve

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