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Construction Tech SaaS Valuations: Q2 2026

JUNE 2026

Windsor Drake · Market Intelligence

Executive Summary: A Vertical That Held Its Ground

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Construction Software's Resilient Premium

While horizontal SaaS re-rated sharply on agentic AI, construction software held a premium. The public construction software median sits near **6.5x EV/Revenue** (Windsor Drake analysis of company filings).

- Workflow depth, proprietary jobsite data and regulatory complexity resist agentic substitution.
- Capital concentrates on high-margin, recurring design, field and financials platforms.
- Quarter-to-quarter multiple volatility has compressed sharply versus 2022 to 2024.
- Buyer and seller expectations have re-aligned, unlocking a fresh consolidation wave.

The Platform Divergence

Headline averages mask a split between high-margin pure-play software and hardware-blended operators.

- **BIM and design leaders** clear **8x to 13x revenue**: Nemetschek near 10.9x, Bentley near 10.5x.
- **Field service and trades platforms** clear **7x to 12x** on durable vertical demand.
- **Project management and hardware-blended** operators sit lower: Procore near 4.7x, Trimble near 5.7x.
- Capital concentrates at the high-margin, recurring end of the quality curve.

Demand Fundamentals

Construction is a roughly **$12T to $13T** global industry and one of the least digitised (McKinsey).

- AI and digital tools can lift construction productivity by **20% to 31%** (McKinsey).
- AI-driven **data centre and grid** construction is a record demand driver (PwC; Deloitte).
- Investment in structures pivots from a 2025 decline to about **+1.8%** growth in 2026 (Deloitte).
- Acute skilled-labour shortages pull software adoption forward across the sector.

Macroeconomic Backdrop

Monetary policy is neutral, so the re-rating is sector-specific, not a cost-of-capital event.

- Fed funds range holds at **3.50% to 3.75%** after the April 2026 FOMC, a third consecutive hold (Federal Reserve).
- Markets price roughly no change at the **16 to 17 June 2026** meeting.
- A stable discount rate confirms the move is a re-rating of the software model, not rates.
- Kevin Warsh took the Fed chair on 15 May 2026, inheriting a divided Committee.

Sources: McKinsey & Company; PwC; Deloitte; Federal Reserve; Windsor Drake analysis. See appendix.

Executive Summary: Capital and Consolidation

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Consolidation Wave

Scale and platform consolidation defined the run into Q2 2026 and set the backdrop.

- **Nemetschek / HCSS** ($2.4B) announced **April 2026**, the largest pure-play contech deal on record.
- Acquired from **Thoma Bravo** at roughly **20x** HCSS 2025 EBITDA; close expected H2 2026.
- HCSS generated about **$215M** of revenue in 2025 (heavy civil and infrastructure software).
- Serial acquirers Trimble, Autodesk and Procore are bolting on AI and jobsite capability.

Strategic Buyers Dominate

Strategic platforms, not financial sponsors alone, are driving contech M&A volume.

- **Trimble / Document Crunch** (AI contract review) announced **April 2026**.
- **Autodesk / Rhumbix** (jobsite field data) closed **March 2026**.
- **$1B-plus** construction deals re-emerged in the second half of 2025 (PwC).
- Buyers are consolidating fragmented point tools into design-to-field-to-finance platforms.

AI Premium

AI integration has become a measurable, primary driver of construction software valuation.

- AI estimating, scheduling, document review and reality capture command premium attention.
- Incumbents are decisively buying, rather than building, AI capability layers.
- AI-driven data centre demand lifts the entire built-environment software stack.
- Demonstrable productivity gains, not pilots, are what move a multiple.

IPO Window & Private Capital

The listing window has reopened selectively, and PE capital remains abundant.

- **ServiceTitan** listed on Nasdaq in **December 2024**, raising about **$674M** net (SEC filings).
- Global PE dry powder of about **$3.7T** keeps pressure on platform asset prices (McKinsey; S&P Global).
- Thoma Bravo's **$2.4B** HCSS exit illustrates the sponsor-to-strategic path.
- Construction-tech venture funding accelerated through 2025, led by AI applications.

Sources: S&P Global Market Intelligence; PwC; Federal Reserve and SEC filings. See appendix.

Key Founder Takeaways: Q2 2026

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1. Rule of 40 Achievement

Revenue Growth % plus EBITDA Margin % at or above 40% is the non-negotiable baseline for a premium multiple, and the market prices it harder each quarter (McKinsey; Bain).

- Construction clearers sustaining **NRR above 115%** transact at **8x to 13x revenue**.
- Track the score monthly at board level; AI infrastructure cost is pressuring the rule.

2. Workflow Depth and Proprietary Data

Deep, industry-specific workflows and proprietary jobsite, project and design data are the moat that resists agentic substitution.

- Vertical construction data compounds and is hard for a general-purpose agent to displace.
- Quantify the data assets that make the platform defensible and sticky.

3. AI Integration Strategy

AI is no longer optional; it is a primary driver of deal size, buyer interest and multiple expansion.

- Show measurable gains in estimating, scheduling, document review and reality capture.
- Incumbents pay up to acquire proven AI capability rather than build it.

4. Platform Coherence

Point tools are being absorbed; platforms that span design, field and financials are the winners.

- Design-to-field-to-finance platforms clear **8x to 13x**; isolated point tools sit far lower.
- Codify how the asset slots into a strategic consolidation roadmap.

5. Net Revenue Retention

Land-and-expand economics are scrutinised more heavily than topline growth; durable retention beats raw acquisition.

- Top construction platforms sustain **NRR of 110% to 120%**.
- Document the multi-product attach motion: preconstruction, field, then financials.

6. Buyer-Readiness Discipline

With about **$3.7T** of dry powder and active strategic platforms consolidating the sector, the prepared asset captures competitive tension.

- Clean financials, audited metrics and a defensible data room are table stakes.
- Map specific capability gaps for each of your top five strategic acquirers.

Source: Windsor Drake advisory methodology. See appendix.

Founder FAQs: Valuations, Timing & Strategy

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The questions construction-software founders ask most, answered against the Q2 2026 market.

Q1 Which valuation metric applies to my business?

Use **EV/Revenue** for high-growth, SaaS-native design, field and AI platforms, **EV/EBITDA** for mature ERP and hardware-blended operators, and a recurring-revenue lens (NRR, GRR, ARR growth) for any SaaS-delivered construction asset. Always reference the correct subsector cohort, never the broad construction average.

Q2 What are the key subsector ranges right now?

BIM and design collaboration lead at **8x to 13x revenue**; field service and trades platforms **7x to 12x**; jobsite intelligence and reality capture **7x to 12x**; takeoff, estimating and precon **6x to 10x**; project management and field productivity **4.5x to 7.5x**; construction ERP and financials **4x to 7x**; legacy on-prem tools **3x to 5x**.

Q3 Why is the Rule of 40 so critical?

It is the single best predictor of a premium multiple in software. Construction-software clearers that sustain durable net revenue retention transact at **8x to 13x revenue**, while companies below the line compress quickly toward **2x to 4x**. Buyers pay more for a point of durable growth than a point of margin, because growth is what agentic substitution most directly threatens.

Q4 How do public and private valuations compare?

Construction software re-rated far more gently than horizontal SaaS because of its workflow moats. The public median near **6.5x revenue** now anchors late-stage private rounds, while pure-play BIM, design and field leaders still print **double-digit** multiples. Generic late-stage private deals increasingly reference public marks.

Q5 When is the optimal time to run a process?

After demonstrating **4 to 6 quarters** of predictable performance, while still holding 12 to 18 months of runway. Consolidation is active and the pool of scaled, independent construction-software assets is thinning, so negotiating from strength rather than necessity captures the scarcity premium.

Q6 Who are the most active buyers today?

Strategic platforms (Nemetschek, Trimble, Autodesk, Procore, Bentley) drove the largest deals of 2025 to 2026. **PE sponsors** such as Thoma Bravo, holding part of roughly **$3.7T** of industry dry powder, execute buy-and-build platforms and sponsor-to-strategic exits across ERP, field and estimating software.

Q7 Is the IPO window a viable alternative to M&A?

It has reopened but remains selective. **ServiceTitan's** December 2024 Nasdaq listing reset appetite for vertical and field-service software. The window favours scaled, profitable assets with a credible AI narrative; sub-scale issuers face a markedly cooler reception, so most founders run a dual track.

Q8 How do we maximise our multiple, and expect earn-outs?

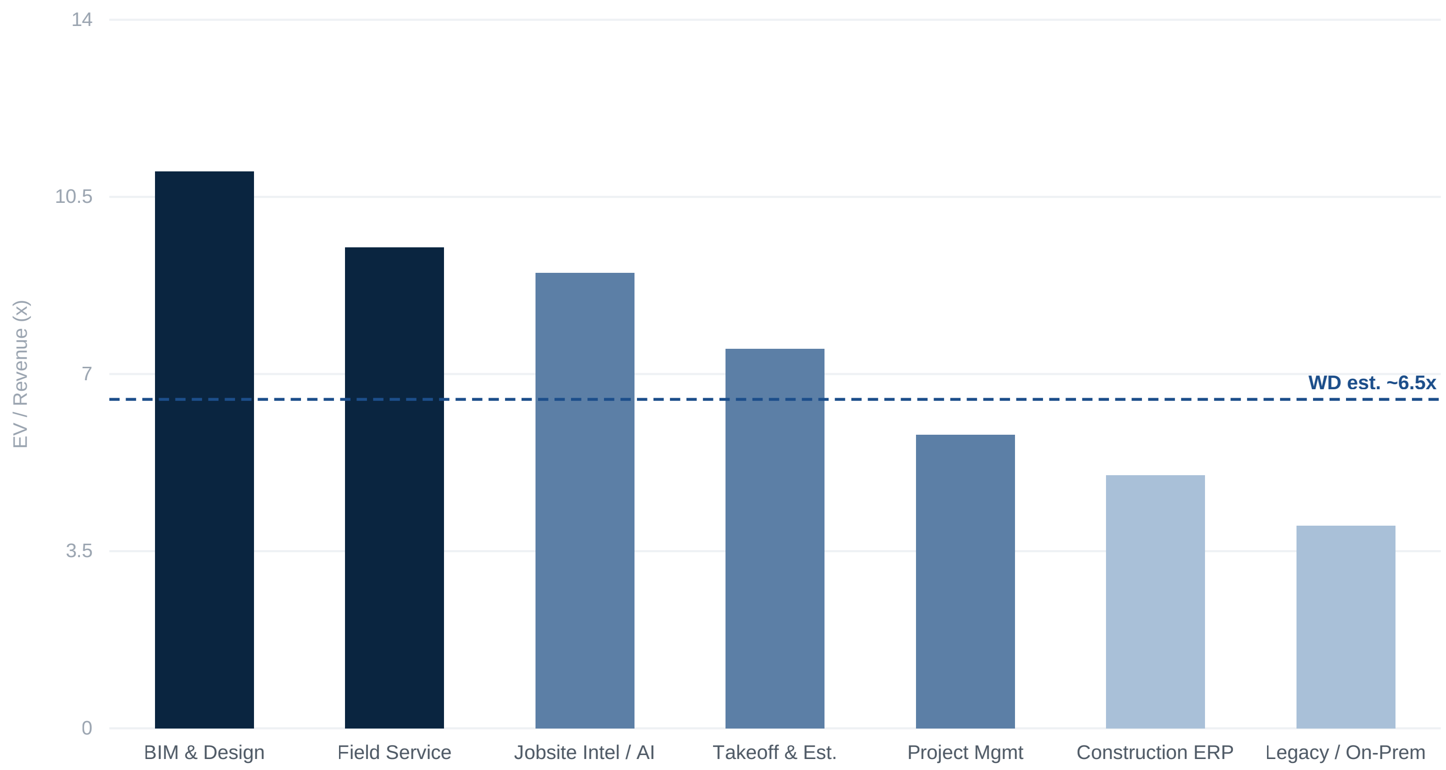
Clear the **Rule of 40**, sustain **NRR above 115%**, prove AI-driven productivity, and document workflow depth and embedded payments. Expect **earn-outs** to bridge AI-capability or scale gaps; structures typically pay over 12 to 24 months on revenue and integration milestones.

Source: Windsor Drake advisory methodology. See appendix.

Q2 2026 Valuation Landscape Overview

Premium multiples cluster in high-margin design, field and AI software; ERP and legacy stacks stay compressed.

Median EV / Revenue Multiple by Subsector (x)



Vertical bifurcation: the gap between high-margin design, field and AI-native software (8x to 13x) and hardware-blended or legacy operators (4x to 5x) is the defining feature of the market, driven by recurring-revenue quality, workflow depth and AI integration.

SECTOR MEDIAN BENCHMARK

~6.5x

Public construction-software median EV/Revenue, a Windsor Drake house view from company filings and market data.

DESIGN & FIELD PREMIUM

8x to 13x

Pure-play BIM, design and field-service platforms command the sector's highest revenue multiples.

INDUSTRY DIGITISATION

$12T+

Construction is among the world's largest and least digitised industries, a long secular tailwind (McKinsey).

Key Driver

Disciplined demand has replaced 2021 enthusiasm: acquirers reward workflow depth, recurring revenue quality and AI integration, not topline growth alone.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Public vs Private Market Convergence

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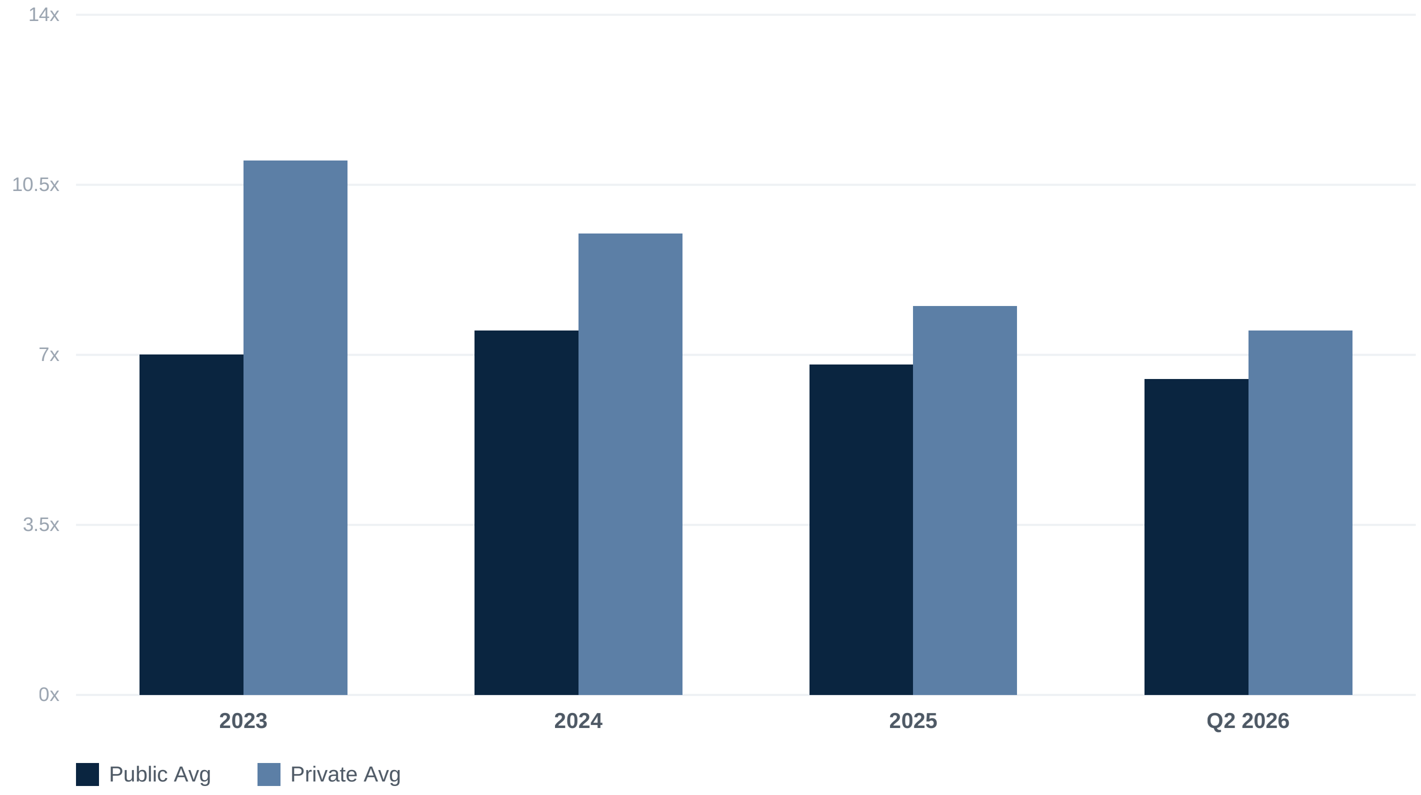
Construction software de-rated more gently than horizontal SaaS, and the private premium narrowed but did not invert.

Average EV / Revenue Multiple, Public vs Private (x)



PUBLIC / PRIVATE SPREAD

~1.0x

Down from about 4x in 2023; vertical software marks reset slower than horizontal SaaS (PitchBook).

QUALITY PRIVATE TAIL

10x to 14x

AI-native design, estimating and field rounds clear public marks decisively.

PUBLIC BENCHMARK ANCHOR

~6.5x

Public comparables now anchor late-stage private round pricing for non-AI-native assets.

Selective convergence: the public-to-private spread narrowed from about 4x in 2023 to about 1x in 2026, but AI-native design and field private rounds still print well above the mean, repricing the top of the private cohort.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Exit Valuation Multiples by Subsector

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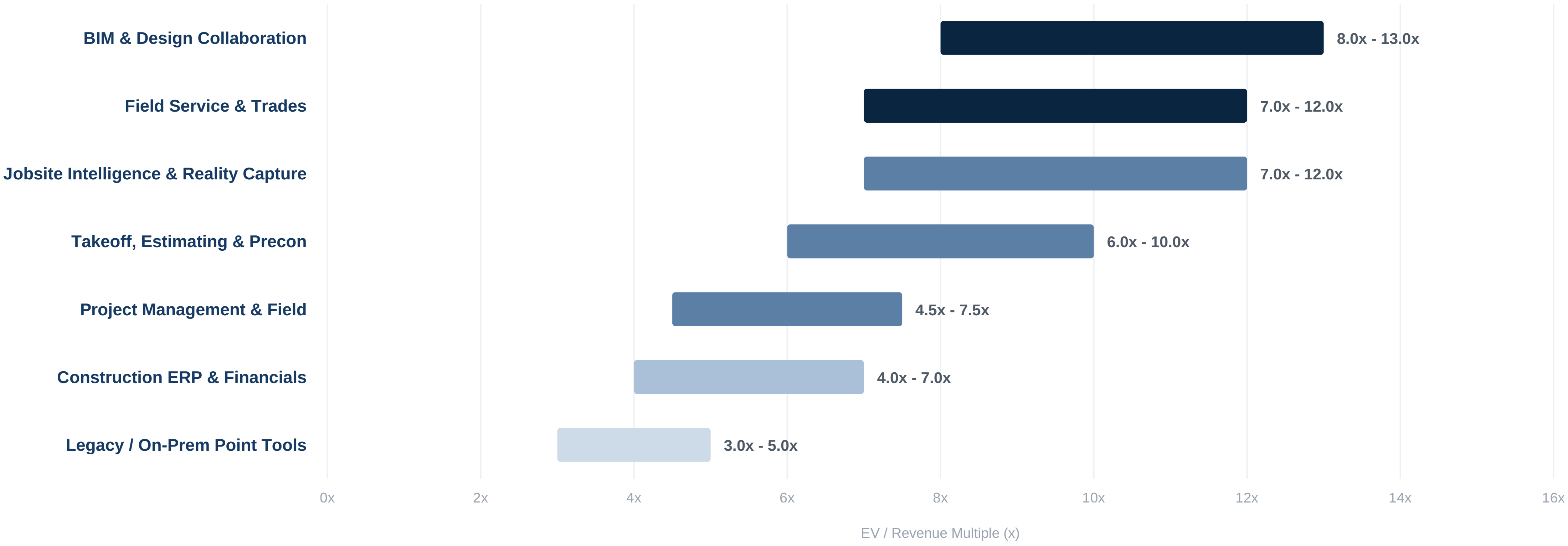
A clear bifurcation between high-margin design, field and AI software (7x to 13x) and ERP and legacy stacks (3x to 7x).



KEY OBSERVATION

The market is paying for workflow depth, recurring revenue quality and AI integration, not for category labels. The multiple gap between high-margin design and field software and legacy on-prem tools reflects the structural shift to cloud-delivered, data-rich, AI-augmented construction software.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Valuation Multiple Drivers: Expansion vs. Compression

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Net compression to roughly 6.5x: AI integration, data centre demand and consolidation are partly offset by agentic-AI seat risk and a hardware and services mix.

NET COMPRESSION OF -0.5X

AI integration, AI-driven data centre demand, consolidation premia and easing rates are slightly outweighed by a combined 1.9x drag from agentic-AI seat risk, a hardware and services revenue mix and macro and tariff headwinds. The bridge reflects Windsor Drake analysis of the cited institutional data.

Source: Windsor Drake analysis of McKinsey, PwC, Deloitte and Federal Reserve data. See appendix.

Capital Markets: IPO Window & Listing Benchmarks

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The 2024 to 2025 vertical-software class reopened the window selectively; scale, profitability and AI posture gate access.

ServiceTitan (Nasdaq)

Listed December 2024, raising about **$674M** net of underwriting and offering costs (SEC filings).

- End-to-end platform for field-service and construction trades contractors.
- First high-profile vertical-software IPO of the post-2022 cycle, reopening the window.
- Confirmed public-market appetite for scaled, profitable vertical SaaS.
- Set the bar for AI-positioned field and trades platforms eyeing listings.

Procore (NYSE)

The public construction-management benchmark; FY2025 revenue near **$1.31B**, up **14%** (company filings).

- Trades near **4.7x EV/Revenue** and about **20x EV/EBITDA** on a profitability inflection.
- International revenue grew about **38%** in Q4 2025, broadening the growth base.
- Anchors the public comp for project-management and field-productivity software.
- Active acquirer (Levelset, payments) building a design-to-finance platform.

Bentley & Nemetschek (Public Marks)

Pure-play design and infrastructure-software leaders set fresh, double-digit marks.

- **Bentley Systems** 2025 revenue near **$1.50B** on digital-twin momentum.
- **Nemetschek** trades near **10.9x EV/Revenue** and about **35x EBITDA**.
- Both confirm public appetite for high-margin BIM and AEC software.
- Nemetschek's **$2.4B** HCSS deal extends its heavy-civil reach.

Pipeline & Alternatives

The strongest assets weigh a listing against a strategic premium or a sponsor exit.

- The window favours scaled, profitable assets with a credible AI narrative.
- A dual-track process preserves optionality and manufactures competitive tension.
- Strategic premia from Nemetschek, Trimble and Autodesk compete with the IPO route.
- PE take-privates and sponsor-to-strategic exits offer an alternative liquidity path.

Sources: company and SEC filings; financial press (Bloomberg, Reuters). See appendix.

Geographic Valuation Variations

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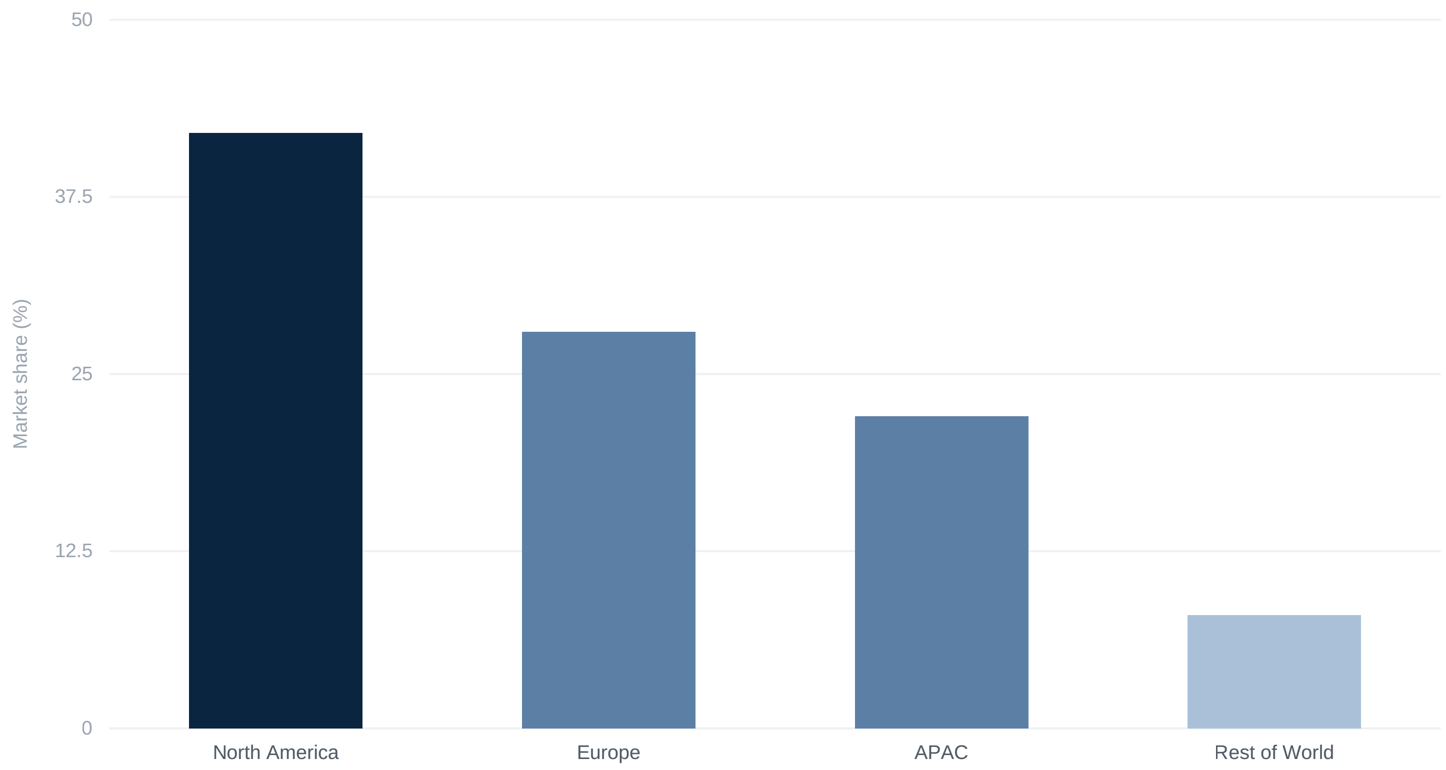
North America commands a construction-software premium; Europe leads in BIM and design; APAC offers the fastest growth.

Share of Global Construction-Tech Software Market by Region (%)



NORTH AMERICA

Premium

Deepest exit liquidity and the largest scaled public cohort anchor a valuation premium.

EUROPE

Design Hub

The global BIM and design centre; Nemetschek and Bentley anchor high-margin AEC software.

APAC & ROW

Growth

Fastest-growing demand on infrastructure spend, though exit liquidity is thinner.

Valuation gap: North America commands a premium on the deepest exit liquidity and the scaled public set (Procore, Autodesk, ServiceTitan). Europe is the global BIM and design heartland (Nemetschek, Bentley, RIB). APAC grows fastest on a sustained infrastructure build-out. Regional shares are Windsor Drake estimates.

Sources: McKinsey & Company; S&P Global Market Intelligence; Windsor Drake analysis. See appendix.

BIM & Design Collaboration: The Premium Cohort

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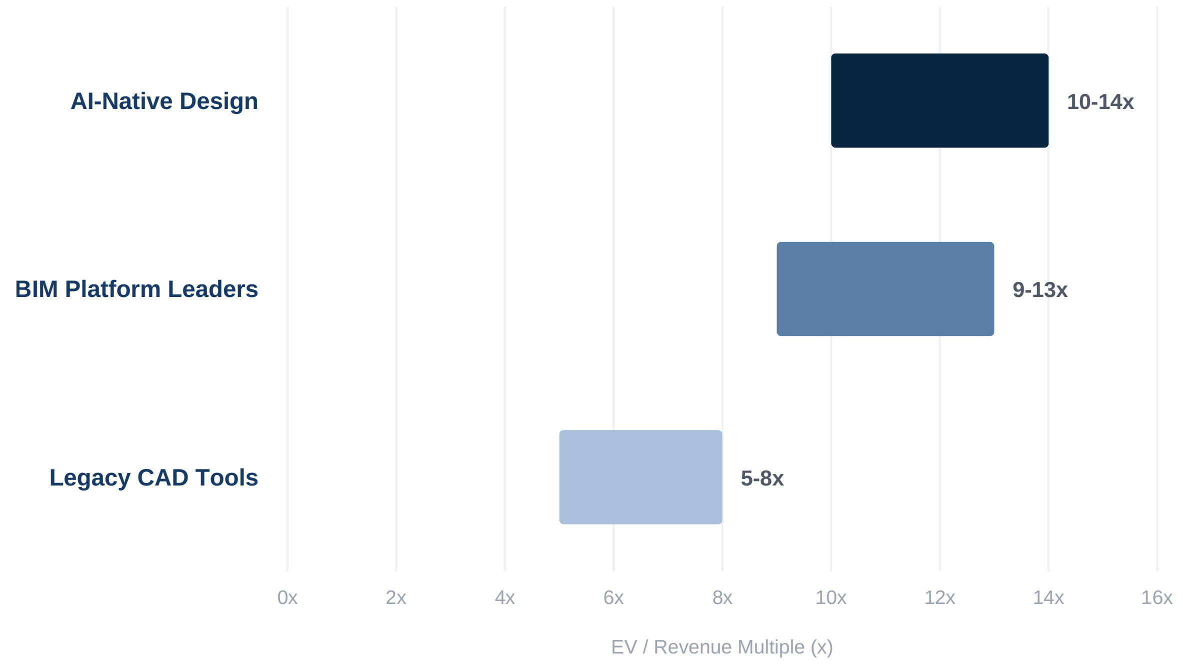
High-margin, recurring design software and digital-twin platforms underwrite the sector's highest multiples.

EV / Revenue Multiple Range (x)



Valuation Drivers

Architecture & Data Premium

Cloud-native, recurring design and collaboration platforms with proprietary model and project data displace legacy CAD. Nemetschek trades near 10.9x revenue and Bentley near 10.5x, the top of the construction-software set.

Digital Twins

Infrastructure digital twins extend design software into the asset lifecycle, expanding the wallet per customer and supporting durable, multi-year expansion at premium multiples.

Buyer Priorities

Design incumbents and strategic platforms pay up for AI-native modelling, interoperable data and design-to-build workflow that bolts onto an existing customer footprint.

KEY OBSERVATION

Nemetschek (near 10.9x) and **Bentley (near 10.5x)** anchor the premium cohort; AI-native design rounds clear even higher in private markets.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Field Service & Trades Management

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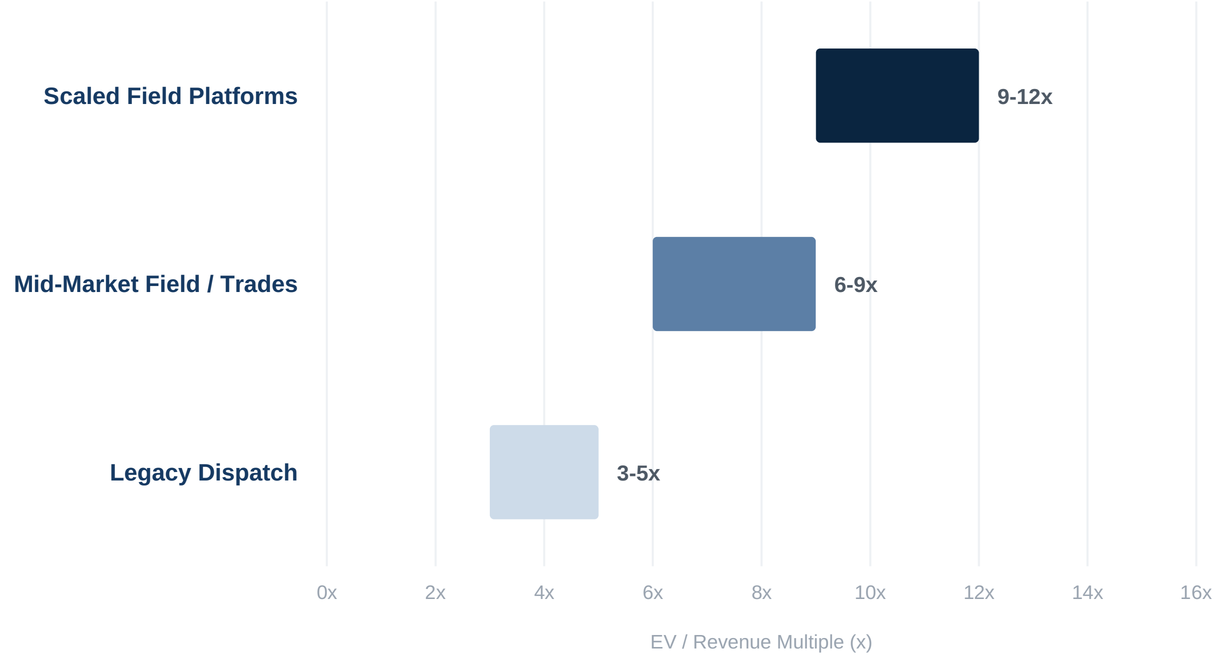
ServiceTitan's listing reset appetite for scaled, profitable field-service and trades software.

EV / Revenue Multiple Range (x)



Valuation Drivers

Platform Pull

End-to-end platforms spanning scheduling, dispatch, CRM and payments command premium multiples. ServiceTitan's December 2024 IPO confirmed public appetite for scaled vertical field software.

AI Scheduling & Dispatch

AI-driven scheduling, routing and call handling decouple revenue from headcount, lifting the Rule of 40 score that gates premium multiples for field-service platforms.

PE Roll-Up Engine

Sponsors treat mid-market field and trades software as buy-and-build categories, consolidating fragmented vendors into scaled platforms with multiple-arbitrage upside.

KEY OBSERVATION

The **ServiceTitan** listing (about $674M net proceeds) reset the public benchmark for scaled, profitable field and trades software.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Project Management & Field Productivity

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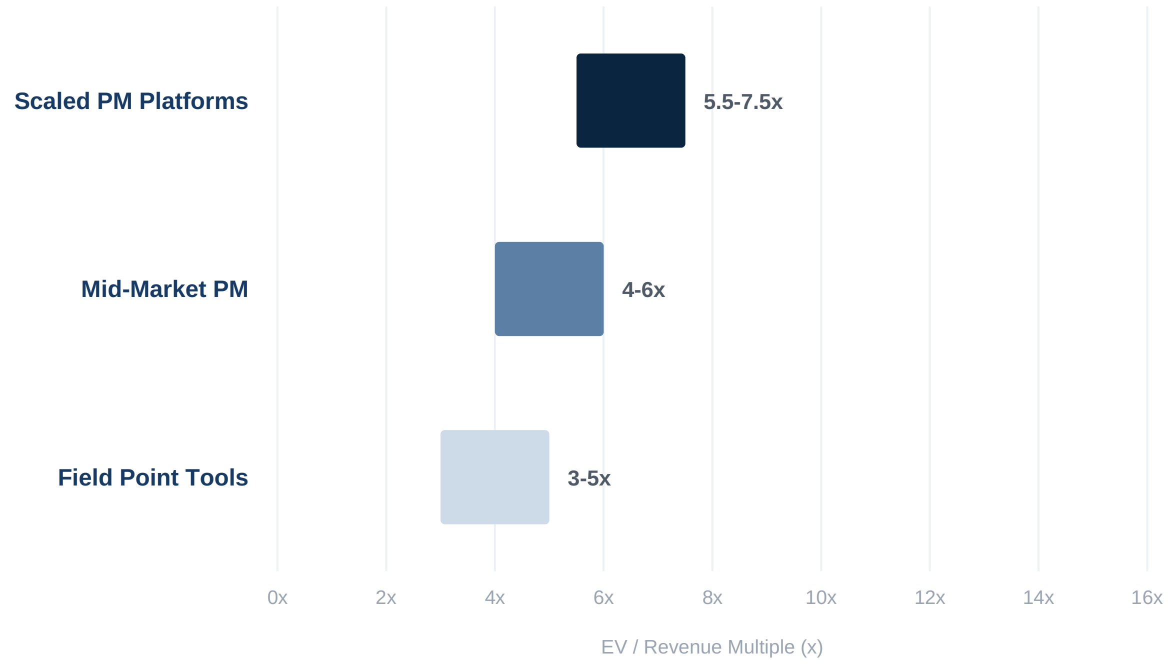
Procore anchors the category; attach motion and AI document and field tools drive multiple expansion.

EV / Revenue Multiple Range (x)



Valuation Drivers

Category Anchor

Procore crossed about **$1.31B revenue (+14%)** in FY2025 and trades near **4.7x EV/Revenue** on a profitability inflection, anchoring the public project-management comp.

Attach Economics

Project management is increasingly valued as the system of record that anchors adjacent preconstruction, financials and field workloads, expanding the addressable wallet per customer.

Buyer Priorities

Strategic platforms acquire AI document review, field data and payments capability to compound their project-management data advantage and lift net revenue retention.

KEY OBSERVATION

Autodesk's March 2026 acquisition of **Rhumbix** for jobsite field data illustrates the capability-attach pattern around project management.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Takeoff, Estimating & Preconstruction

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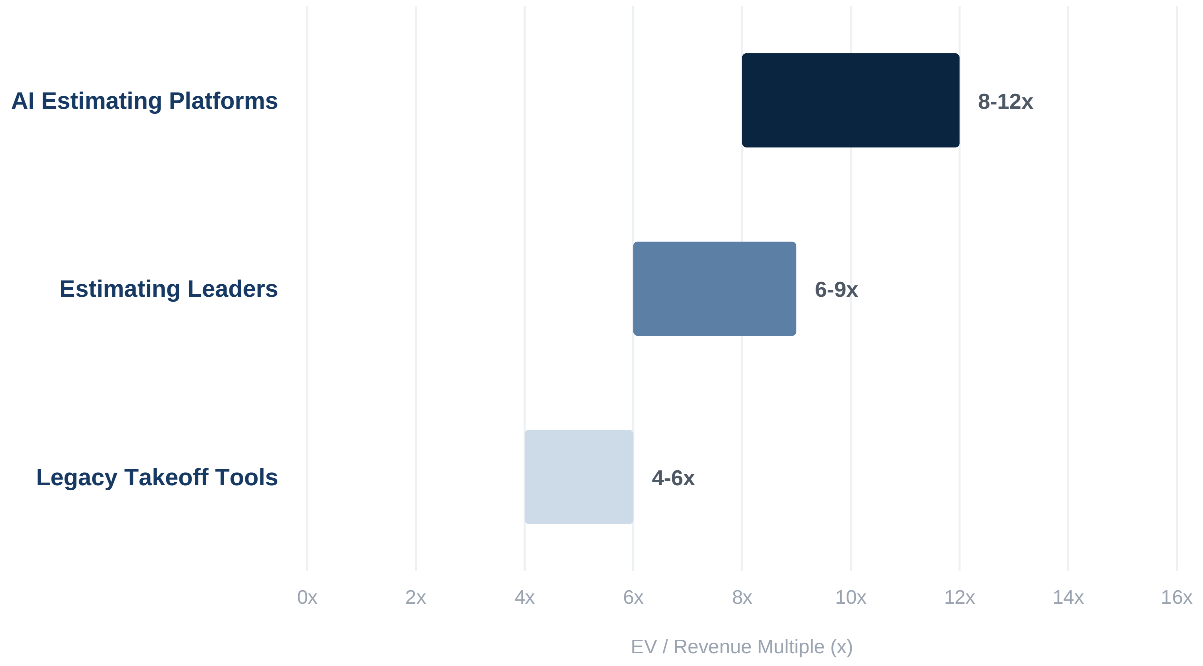
AI estimating has re-rated the category, with data-rich precon platforms at premium multiples.

EV / Revenue Multiple Range (x)



Valuation Drivers

AI Estimating Surge

AI-driven takeoff and estimating compress days of work into minutes, re-rating the category. Strategic buyers price AI estimating as the data-rich front door to the construction workflow.

Preconstruction Data

Proprietary cost, bid and historical project data make precon platforms hard for a general-purpose agent to displace, supporting durable expansion at premium multiples.

Buyer Priorities

Design and project-management incumbents acquire estimating and precon capability to connect design intent to cost and schedule, closing the design-to-build loop.

VALUATION DRIVER

AI-native estimating assets compound the design and project-management multiple structure as adjacencies, not as standalone tools.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Construction ERP & Financials

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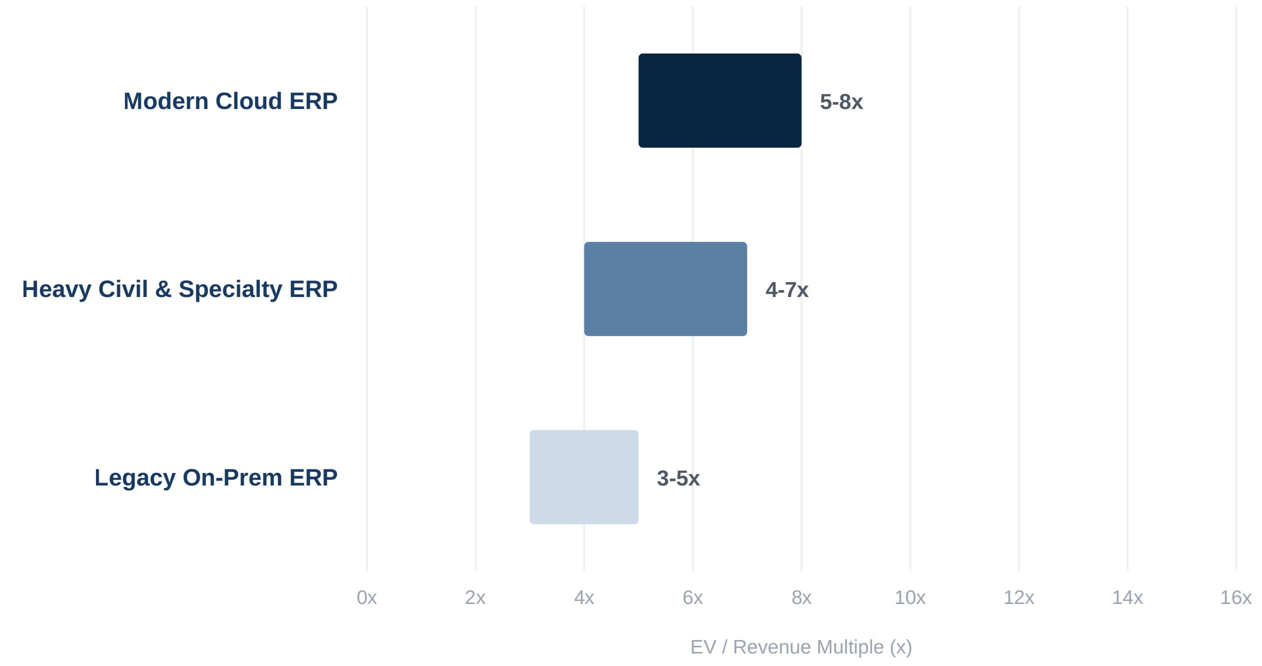
ERP and financials are re-rating on payments attach and consolidation, led by Nemetschek's $2.4B HCSS deal.

EV / Revenue Multiple Range (x)



Valuation Drivers

Consolidation Template

Nemetschek's $2.4B acquisition of HCSS (heavy civil and infrastructure software) at roughly 20x 2025 EBITDA underlines the scale playbook: ERP consolidation drives recurring-revenue density and cross-sell.

Payments Attach

Embedded payments and financials lift gross margin and stickiness. Procore's Levelset acquisition and the broader move into construction payments illustrate the attach premium.

PE Buy-and-Build

Sponsors with record dry powder treat construction ERP and financials as buy-and-build categories, pricing on EBITDA with multiple-arbitrage upside as scale compounds.

KEY OBSERVATION

Software-attached, payments-enabled ERP earns a clear premium to pure on-premise financials, the clearest expression of the category's bifurcation.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Jobsite Intelligence, Reality Capture & Asset Management

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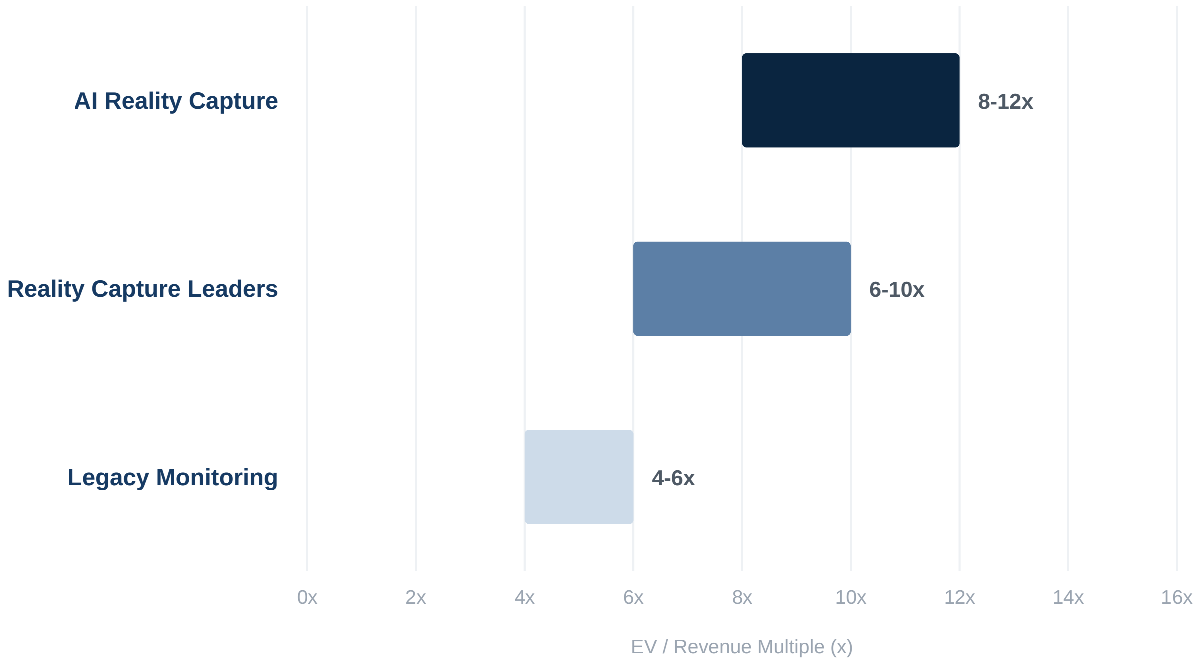
AI progress tracking and reality capture are re-rating on data-centre demand and digital-twin linkage.

EV / Revenue Multiple Range (x)



Valuation Drivers

AI Progress Tracking

AI that turns jobsite imagery into progress, safety and productivity insight is the fastest-emerging category, with venture and strategic capital both building category leaders.

Digital-Twin Linkage

Reality capture feeds the infrastructure digital twin, linking the jobsite to design and asset-management software and expanding the value of the captured data over the asset lifecycle.

Buyer Priorities

Design and project-management incumbents acquire reality-capture and jobsite-data capability (Autodesk / Rhumbix, Bentley / Cesium) to make their platforms 'AI-ready'.

KEY OBSERVATION

AI-driven data-centre and infrastructure construction is pulling reality-capture and jobsite-intelligence demand forward, compounding the category multiple.

Sources: PitchBook; S&P Global Market Intelligence; company filings; Windsor Drake analysis. See appendix.

Comparable Transaction Analysis Framework

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A rigorous quality-of-revenue filter rather than broad construction sector labels.

1. Select Peer Set

Identify genuinely comparable assets by workflow (design vs field vs financials), buyer (architect vs contractor vs owner), revenue model (subscription vs usage vs hardware-blended) and AI posture, not by broad construction labels.

2. Normalise Metrics

Adjust KPIs to a pro-forma basis: normalise ARR for M&A, standardise NRR and GRR definitions, separate software from hardware and services revenue, and reconcile reported and verified deal metrics.

3. Adjust for Structure

Account for deal-specific terms (earn-outs, stock-versus-cash mix, control premiums and minority rollovers) that pull headline valuation away from underlying economic value.

211	2020-26
WD INDEX TRANSACTIONS	INDEX COVERAGE

Proprietary Transaction Index

Calibration draws on Windsor Drake's proprietary index of **211 verified and reported transactions (2020 to 2026)**, refreshed each quarter and supplemented by current-quarter construction-software research for sector-specific comps.

Quality-of-Revenue Filter

Peer selection prioritises recurring versus re-occurring revenue, gross margin profile (software above 75% versus hardware and services below 60%), and concentration risk across enterprise versus SMB cohorts.

Rule of 40 Premium Adjustment

A specific premium layer is applied for top-decile efficiency performers; offsetting discounts are applied where a hardware or services mix is depressing margin.

Control Premium Calibration

Indications include a control-premium layer, typically **25% to 30%** in strategic construction-software processes, where platform and capability synergies can be concretely underwritten.

Source: Windsor Drake proprietary transaction database and methodology.

Strategic Acquirer Mapping by Subsector

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Design incumbents chase high-margin software; strategic platforms pursue capability roll-ups; PE concentrates on ERP, field and estimating.

Subsector	Strategic Platforms	Design / BIM Incumbents	Private Equity
BIM & Design	**HIGH** Platforms backfill design and modelling; the AEC software premium is the template.	**HIGH** Design incumbents acquire AI-native modelling to defend high-margin share.	**MODERATE** PE plays come via take-privates of scaled design assets.
Field Service & Trades	**HIGH** Strategic platforms bolt field and trades onto project and financials stacks.	**LOW** Design incumbents rarely pursue field-service trades software.	**HIGH** PE primary buyer; roll-up engine for mid-market field and trades vendors.
Project Management	**HIGH** Platforms acquire field, document and payments capability around the system of record.	**MODERATE** Design incumbents add project management to close the design-to-build loop.	**MODERATE** PE consolidates mid-market PM tools into broader platforms.
Takeoff & Estimating	**HIGH** Strategics chase AI-native estimating as the data-rich front door.	**HIGH** Design and PM incumbents link estimating to design intent and schedule.	**HIGH** PE consolidates estimating point tools into precon platforms.
Construction ERP	**MODERATE** Platforms add ERP and financials selectively; payments attach is the prize.	**HIGH** Design and PM incumbents extend into financials; Nemetschek / HCSS is the template.	**HIGH** PE primary buyer; buy-and-build for ERP, payments and specialty financials.
Jobsite Intelligence	**HIGH** Strategics acquire reality capture and AI progress tracking to ready platforms.	**HIGH** Design incumbents link reality capture to digital twins (Bentley / Cesium).	**MODERATE** PE buys monitoring and asset-management SaaS for buy-and-build theses.

Strategic Platforms & Design Incumbents as Buyers

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Strategic platforms are using M&A to convert construction software into design-to-field-to-finance ecosystems.

Strategic Motives: Buy vs. Build

The internal build cycle for AI-native estimating, reality capture and field intelligence is too slow to counter category-defining startups. That gap is compelling Nemetschek, Trimble, Autodesk and Procore to acquire modern stacks outright, treating M&A as platform modernisation rather than pure expansion.

Acquisition Patterns

Mega-deals (Nemetschek / HCSS $2.4B) sit at the top; capability bolt-ons (Trimble / Document Crunch, Autodesk / Rhumbix) dominate by volume, often preceded by partnership or integration de-risking.

$2.4B
NEMETSCHEK / HCSS, APR 2026

Apr 2026
LARGEST PURE-PLAY CONTECH DEAL

Federated Integration

A federated model preserves the target's product cadence and retains domain talent, while platform-grade data, identity and compliance controls are overlaid at the backend.

Priority: AI Capability

Top focus is AI-native estimating, scheduling, document review and reality capture deployable across an existing customer base.

Priority: Field & Jobsite Data

Field and jobsite data is the substrate for AI progress tracking and digital twins; assets like Rhumbix are priced as data, not just tools.

Priority: Payments & Financials

Embedded payments and construction financials are increasingly priority targets to lift gross margin and stickiness across the platform.

Sources: company press releases; SEC filings; Bloomberg; Windsor Drake analysis. See appendix.

Private Equity Acquisition Patterns

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Record dry powder is creating intense deployment pressure on efficient, cash-generative construction-software assets.

Deployment Pressure

With roughly **$3.7T** of global dry powder to deploy, sponsors face acute pressure to transact (McKinsey; S&P Global). Construction software, with its recurring revenue, mission-critical workflows and consolidation runway, is a prime buy-and-build category.

Sponsor-to-Strategic Thesis

Sponsors build scale, then exit to strategics. **Thoma Bravo's $2.4B sale of HCSS** to Nemetschek, retaining a roughly 28% minority stake in the combined segment, illustrates the playbook at multi-billion-dollar scale.

~$3.7T
GLOBAL PE DRY POWDER

~20x
HCSS EV / 2025 EBITDA

Ideal Target Profile

Sponsors prioritise **Rule of 40** adherence, a recurring-revenue mix above 80%, and gross retention above 90%, the profile that supports leverage capacity.

Value-Creation Playbook

Pricing optimisation, a mix-shift toward software and embedded payments, and buy-and-build consolidation of ERP, field and estimating software.

Aging-Portfolio Catalyst

Many sponsor software holdings now exceed a five-year hold; the HCSS exit illustrates the coming wave of secondary buyouts and sponsor-to-strategic exits.

Deal Structure Trends

A resurgence of all-cash transactions for deal certainty, with earn-outs and minority rollovers bridging gaps on unproven AI capability.

Sources: McKinsey & Company; S&P Global Market Intelligence; Bain & Company. See appendix.

Competitive Moats Driving Premium Valuations

WINDSOR DRAKE

Construction-software valuations above 8x revenue are reserved for companies that can demonstrate structural defensibility.

Data & Workflow Moats

ASSET VALUE: HIGH

Proprietary jobsite, project and design data

- Creates a compounding data advantage that rivals cannot easily replicate.
- Powers AI estimating, scheduling and progress-tracking that general agents cannot match.
- Deepens as install base, project count and historical data grow.
- **Action:** capture first-party workflow data across every project touchpoint.

AI-Native Capability

SCALE VALUE: HIGHEST

Productivity decoupled from headcount

- AI estimating, document review and reality capture cut the marginal cost to deliver.
- Demonstrates non-linear margin expansion as the customer base scales.
- Directly lifts the Rule of 40 score that gates premium multiples.
- **Action:** embed AI into core estimating, field and document workflows.

Embedded Payments & Financials

MONETISATION VALUE: HIGH

Payments and financials attached to the workflow

- Embedded payments lift gross margin and revenue per customer materially.
- Construction financials raise switching costs and deepen the system of record.
- Procore's Levelset acquisition shows the strategic value of the payments layer.
- **Action:** attach payments and financials to the core construction workflow.

Platform Attach

GROWTH VALUE: HIGH

Multi-product attach across design, field and finance

- Each incremental product raises NRR and the cost of customer churn.
- Drives structurally lower CAC and higher retention over time.
- Raises switching costs as design, field and financials converge in one stack.
- **Action:** prioritise the attach motion in the most strategic customer segments.

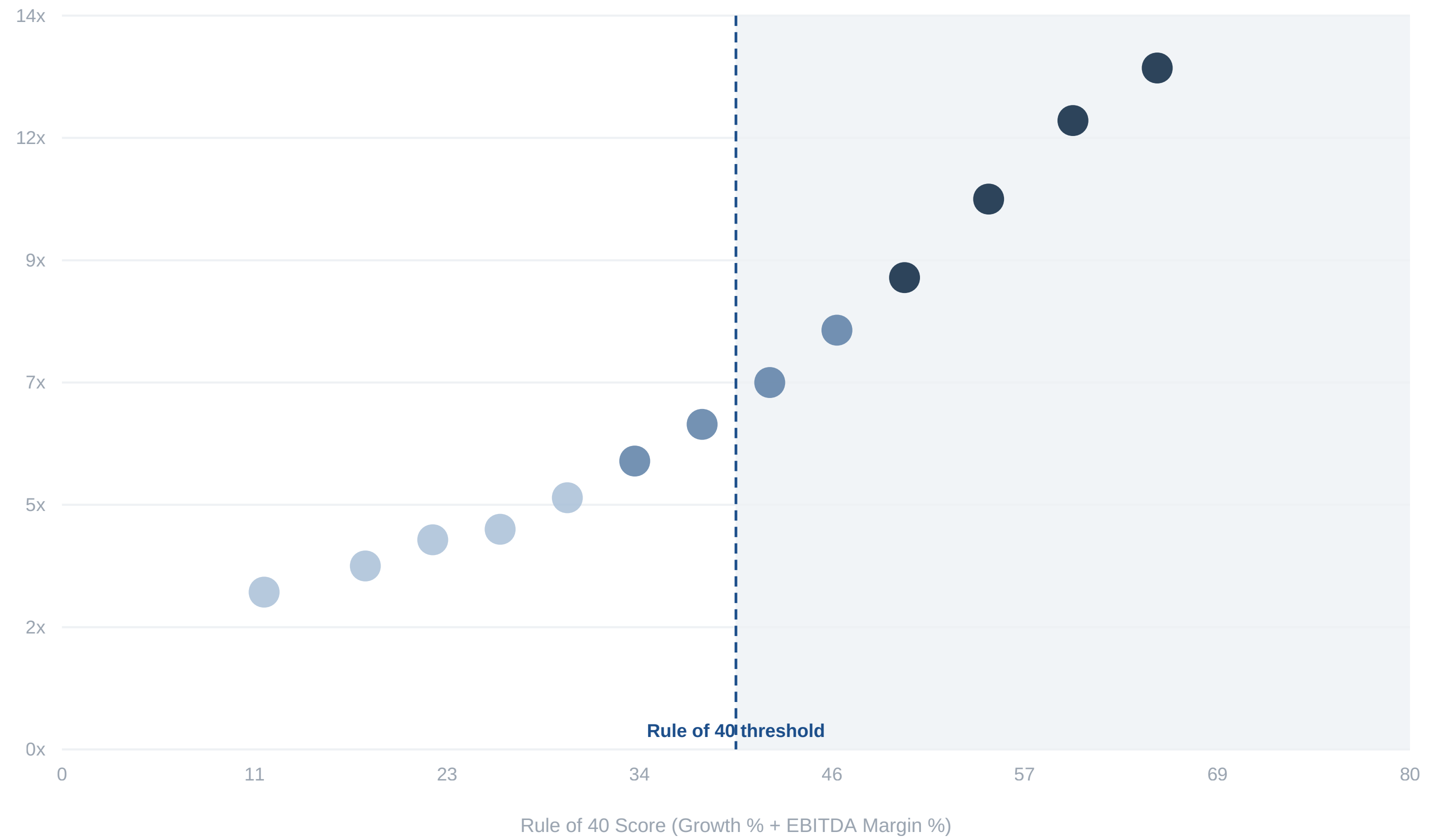
Source: Windsor Drake analysis. See appendix.

Rule of 40 Performance Distribution

WINDSOR DRAKE

Clearing the Rule of 40 unlocks a material valuation premium; AI infrastructure cost is pressuring the rule across the cohort.

EV / Revenue Multiple vs Rule of 40 Score



TOP QUARTILE (SCORE >50)

9x to 13x

Scaled winners; the primary targets for premium strategic M&A and the public-market leaders.

RULE OF 40 MET (40 TO 50)

5x to 8x

A healthy growth and profit balance; credible IPO-ready and sale candidates.

BELOW THRESHOLD (<40)

2x to 4x

Transition and value-trap zones; most exposed to repricing and consolidation.

Construction software that clears the Rule of 40 trades at 8x to 13x EV/Revenue, while companies below the line compress quickly toward 2x to 4x. The quality of the score matters: buyers pay more for a point of durable growth than a point of margin, because growth is what agentic substitution most directly threatens.

Sources: McKinsey & Company; Bain & Company; Windsor Drake analysis. See appendix.

Cross-Border M&A Considerations

WINDSOR DRAKE

Jurisdictional divergence and a transatlantic design-software axis define cross-border construction M&A in 2026.

Regulatory & Standards Divergence

Divergent building codes, BIM mandates and data-residency rules complicate tech-stack integration. European BIM standards and North American project workflows differ enough that integration timelines and localisation costs must be underwritten before the LOI.

Currency & WACC Impact

A transatlantic axis dominates: European design leaders (Nemetschek) acquire North American assets (HCSS) to access the deepest construction market, while US acquirers buy European design IP. Managing divergent regional rate environments is central to any debt-financed deal.

12-18mo
CROSS-BORDER CYCLE

+30-50%
LONGER CLEARANCE

Extended Timelines

Regulatory and antitrust clearance for cross-border software deals runs 30% to 50% longer than domestic transactions; ensure runway to withstand delay without losing leverage.

Milestone-Tied Earn-Outs

Earn-outs unlock tranches of consideration on specific integration, localisation or data-migration milestones, rather than on revenue alone.

Tax & Structure Efficiency

Establish efficient holding structures early; optimise repatriation and IP transfer pricing well before LOI discussions begin, particularly for cross-border design IP.

Dual-Track & Local Partners

Run IPO readiness alongside the M&A process for competitive tension, and retain local management to navigate post-close standards and regulatory nuance.

Sources: PwC; EY; Windsor Drake analysis. See appendix.

Exit Valuation Optimisation Strategies

WINDSOR DRAKE

Four levers that systematically de-risk the asset while amplifying its scarcity value.

1. Pricing Power & Margins

6 TO 12 MONTHS PRE-EXIT

Demonstrate defensible unit economics

- Shift from seat-based toward **outcome, usage and payments** monetisation where possible.
- Implement platform-tier upsell to capture customer expansion.
- Target a 15%-plus ARPU lift across the top customer cohorts.
- Evidence pricing elasticity with clean, auditable cohort data.

2. Revenue Quality

PREDICTABILITY

Engineer resilience into the revenue model

- Increase the recurring revenue mix to **80%+** of total.
- Improve Net Revenue Retention to **above 115%** via platform attach.
- Reduce concentration so the top 10 accounts are under 25%.
- Lengthen contract duration to extend revenue visibility.

3. Rule of 40 Efficiency

PREMIUM TIER

Prove scalable profitability

- Reallocate operating expense from low-ROI channels into R&D.
- Deploy AI to decouple delivery headcount from revenue growth.
- Achieve **above 40%** on growth plus EBITDA margin.
- Track the score monthly with board-level visibility.

4. Strategic Narrative

COMPETITIVE TENSION

Frame the asset as a platform enabler

- Position as design-to-field-to-finance infrastructure, not a point tool.
- Present quantified synergy cases covering revenue and cost.
- Map specific capability gaps for the top five strategic acquirers.
- Run a structured process to manufacture competitive tension.

Source: Windsor Drake advisory methodology. See appendix.

Positioning for Strategic Acquisition

WINDSOR DRAKE

Strategic value is driven by capability fit, integration ease and synergy density.

Capability Fit

Demonstrate unique IP and proprietary jobsite, project or design data that fills a specific, declared buyer gap, making the buy-versus-build decision self-evident for the acquirer.

Integration Ease

Acquirers pay clear premiums for plug-and-play assets. Minimise critical dependencies, document APIs and data schemas thoroughly, and present clean, audited financials and metrics.

Synergy Density

Quantify the revenue lift from cross-selling into the acquirer's contractor or owner base, and model the cost synergies from shared infrastructure, to support a higher multiple.

Strategic Buyer Mapping

Run a structured gap analysis of potential acquirers and map your capabilities directly to each buyer's declared strategic deficits across design, field and financials.

Proof-of-Integration

Develop technical materials that demonstrate speed-to-value within the acquirer's ecosystem, pre-empting the technical diligence phase.

Synergy Quantification

Explicitly model top-line and bottom-line impact in the management presentation to anchor the valuation conversation on hard numbers.

Comprehensive VDR Readiness

Build a defensive data room addressing IP, customer-concentration, data-rights and security risk before the first buyer engagement.

Source: Windsor Drake advisory methodology. See appendix.

Timing the Exit: 12-18 Month Roadmap

WINDSOR DRAKE

A full process runs 12 to 18 months end to end. Founders who prepare in the current cycle meet the market while today's alignment of strategic-buyer demand, record dry powder and stable pricing still holds.

Readiness & Hygiene

Q3 2026

- Audit completion to PCAOB standard
- AI governance and data-rights review
- Revenue-quality and pricing-model diagnostic
- Clean up the cap table and option pool

KEY MILESTONE

Clean financial and data audit

Strategic Positioning

Q4 2026

- Launch dual-track process preparation
- Build the strategic buyer-targeting list
- Draft the CIM and management presentation
- Lock key-employee retention packages

KEY MILESTONE

Retention packages locked

Market Engagement

Q1 2027

- Fireside chats with priority strategics
- Solicit initial indications of interest
- Deliver management presentations
- Open the virtual data room

KEY MILESTONE

Competitive bid tension

Execution & Closing

Q2 2027

- Definitive agreement negotiation
- Regulatory and antitrust filings
- Confirmatory diligence support
- Closing and integration kickoff

KEY MILESTONE

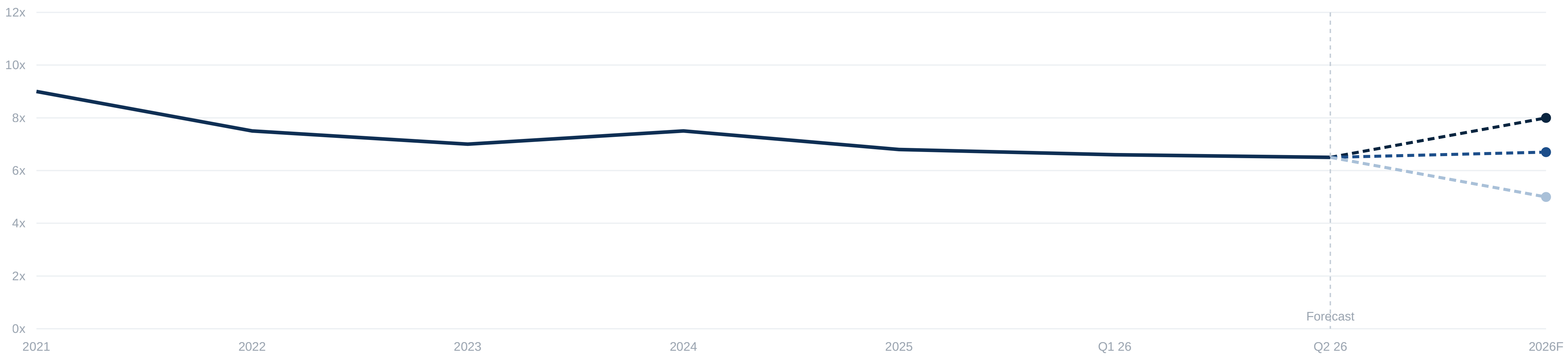
No-MAC event verification

Source: Windsor Drake advisory methodology. See appendix.

2026 Valuation Forecast Scenarios

WINDSOR DRAKE

With the broad-market benchmark near 6.5x, forward trajectories diverge on rates, the pace of AI adoption and the durability of the consolidation wave.



BULL CASE 8.0x

Key Drivers

- Aggressive Fed cuts beyond 75bps
- AI adoption supercycle lifts multiples
- Consolidation and IPO windows open fully

STRATEGY: ACCELERATE GROWTH

BASE CASE 6.7x

Key Drivers

- Steady rate normalisation, slow easing
- Strategic and sponsor consolidation continues
- Selective IPOs from scaled vertical software

STRATEGY: BALANCE GROWTH & PROFIT

BEAR CASE 5.0x

Key Drivers

- Inflation resurgence or rate holds
- Agentic AI pressures seat-based revenue
- A macro or tariff shock freezes M&A

STRATEGY: CASH PRESERVATION

Source: Windsor Drake analysis; PwC and Deloitte outlooks; Federal Reserve projections. See appendix.

Emerging Opportunities & Buyer Trends

WINDSOR DRAKE

Capital is flowing into the AI and data infrastructure of an AI-first construction stack.

AI Estimating & Preconstruction

AI-driven takeoff, estimating and bid analysis is the fastest-emerging contech subcategory, with venture and strategic capital both building category leaders for an AI-first preconstruction workflow.

Jobsite Intelligence & Reality Capture

AI that turns jobsite imagery into progress, safety and productivity insight is consolidating quickly; Autodesk's Rhumbix deal and reality-capture roll-ups underline the strategic value.

Data Centre & Infrastructure Software

Software serving the AI-driven data centre, power and grid build-out is a priority target; PwC and Deloitte both flag these end markets as the strongest source of construction demand.

Strategic Capability Acquisitions

Strategic platforms prioritise AI, payments and field-data capability over distribution, buying technology to make their platforms 'AI-ready' for contractors and owners.

PE Platform Roll-Ups

Sponsors are consolidating fragmented ERP, field and estimating software to build scale and drive multiple expansion, then exiting to strategics.

Regional Champions Go Global

European design leaders are acquiring North American assets, and US platforms are buying European design IP, to capture premium valuations and scale.

Market Intelligence

Top-tier outlooks point to robust construction M&A through 2026. Record dry powder and capability-driven demand are chasing a supply of scaled, quality assets that has not kept pace.

Sources: McKinsey & Company; PwC; Deloitte; Windsor Drake analysis. See appendix.

M&A Case Study: Nemetschek & HCSS

WINDSOR DRAKE

The defining construction-software consolidation event of the cycle, and the playbook it sets for founders.

The Platform Playbook

Nemetschek's acquisition of **HCSS**, valued at **$2.4B** and announced in **April 2026**, is the largest pure-play construction-software deal on record. Acquired from Thoma Bravo at roughly 20x HCSS 2025 EBITDA, it confirms that strategic platforms will pay record prices for category-defining heavy-civil and infrastructure software.

Strategic Rationale

- **Heavy-civil reach:** acquiring the leading heavy-civil and infrastructure contractor platform in North America.
- **Recurring-revenue density:** HCSS adds about $215M of high-retention revenue to the Build and Construct segment.
- **Sponsor rollover:** Thoma Bravo retains roughly a 28% minority stake, aligning incentives through integration.

Implications for Founders

Category-Definition Matters

In construction software, **category-defining workflow depth** still commands record prices; HCSS cleared roughly 20x EBITDA by owning the heavy-civil workflow. The window for follow-on category-defining assets in estimating, field intelligence and payments is open, but narrowing as platforms consolidate.

Quantify Platform Pull Pre-LOI

Headline multiples on construction software rest on **identifiable, underwritable platform synergies**. Vague strategic fit no longer moves valuation; rigorous synergy math, presented before the LOI, does.

Platform vs. Point Solution

Assets framed as broad **platforms** capable of absorbing bolt-ons trade at clear premiums to narrow point tools. Integration readiness, clean APIs and a data-rich workflow are themselves valuation levers.

Sources: Nemetschek and HCSS press releases; Bloomberg. See appendix.

Valuation Methodology: Choosing the Right Metric

WINDSOR DRAKE

The right metric depends on business model, profitability profile and revenue mix.

EV / Revenue

6-13X

High-growth design, field & AI

- Applied where profitability is suppressed by deliberate growth reinvestment.
- Software revenue (above 75% margin) is valued far above hardware and services.
- The Rule of 40 score dictates where in the range an asset sits.
- Best suited to BIM, design, field-service and AI-native platforms.

EV / EBITDA

12-35X

Mature & cash-generative

- Essential for mature ERP, hardware-blended and PE-owned construction software.
- Nemetschek trades near 35x EBITDA; HCSS transacted near 20x.
- Margin expansion and operating leverage are the key value drivers.
- Captures the cash-flow reality of consolidating segments.

ARR & NRR Lens

RECURRING FOCUS

SaaS-delivered construction assets

- Focus on ARR growth, NRR and gross retention as primary value drivers.
- Premium for NRR above 115% and gross retention above 90%.
- Discount for concentration risk and short contract duration.
- Most relevant for SaaS-delivered design, field and estimating platforms.

Strategic Premium

+25-30%

Platform & capability fit

- Applied on top of underlying revenue or EBITDA multiples.
- Premiums accrue to category-defining workflow depth and unique data.
- Platform integration potential can lift the premium materially.
- Synergy math should be modelled explicitly before LOI.

Source: Windsor Drake valuation methodology. See appendix.

Appendix: Sources & Methodology (Part 1)

WINDSOR DRAKE

Institution	Report / Source	Date
McKinsey & Company	*Engineering, Construction & Building Materials insights; construction productivity and AI research*	2025-2026
McKinsey & Company	*Global Private Markets Report 2026*	Mar 2026
PwC	*Engineering and Construction: US Deals 2026 Outlook*	2026
PwC	*Global M&A Industry Trends and Technology Deals 2026 Outlook*	Jan 2026
Deloitte	*2026 Engineering and Construction Industry Outlook*	2026
Bain & Company	*Global Private Equity Report 2026; M&A Report 2026*	Feb 2026
S&P Global Market Intelligence	*Private equity dry powder analysis; Global M&A by the Numbers Q1 2026*	2026
PitchBook	*Enterprise and vertical SaaS public comps; Q1 2026 analyst notes*	2026
CB Insights	*State of construction technology and venture funding*	2026
Federal Reserve	*FOMC Statement and Minutes (Apr 2026); Summary of Economic Projections*	2026

Appendix: Sources & Methodology (Part 2)

WINDSOR DRAKE

Institution	Report / Source	Date
Nemetschek Group	*Press release: agreement to acquire HCSS*	Apr 2026
Bloomberg	*Nemetschek strikes deal for Thoma Bravo's HCSS*	Apr 2026
ServiceTitan Inc.	*SEC Form S-1 / 10-Q; IPO proceeds disclosure*	Dec 2024
Procore Technologies	*SEC filings; FY2025 results (Form 8-K)*	2026
Autodesk Inc.	*SEC filings; Rhumbix acquisition; FY2026 results*	2026
Bentley Systems & Trimble	*SEC filings; FY2025 results and segment disclosures*	2026
KPMG	*Venture Pulse; Pulse of Private Equity Q4 2025*	Jan 2026

VALUATION METHODOLOGY NOTES

Source Standard

Inputs are restricted to top-tier institutions: bulge-bracket banks, the major consultancies, elite data houses, and primary regulatory and filing sources. Boutique and market-report vendors are excluded.

Peer Set & Normalisation

Peers are filtered on workflow (design, field, financials), buyer, revenue quality (above 80% recurring) and Rule of 40 profile. Financials are adjusted to a pro-forma basis excluding one-time items and stock-based compensation, and separating software from hardware and services.

Structural Adjustments

Private-market valuations are adjusted for earn-outs, minority rollovers and lack-of-marketability discounts, typically in the 20% to 30% range.

Synthesis & Attribution

Figures labelled as firm analysis or house estimate, including the roughly 6.5x sector median benchmark and the 2026 forecast scenarios, are the firm's own synthesis of the cited institutional data and public filings, presented as a house view rather than third-party consensus.