

APPS RUN THE WORLD

Construction and Real Estate

Vertical Applications Market Report 2009-2014,
Profiles Of Top 10 Vendors

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Summary

Despite plummeting property prices in many parts of the world, applications vendors that focus on the construction and real estate vertical are poised to tackle new opportunities like eco-friendly housing projects, while cultivating their long-standing ties with developers, contractors, real estate management companies and other key stakeholders to ready for the next wave of residential and commercial expansion.

This applications market sizing report examines the top 10 apps vendors in the construction and real estate vertical, tracking their progress in a whole raft of infrastructure and stimulus spending projects that could result in considerable IT investment.

Top Line and Bottom Line

On the top line, the construction and real-estate applications market is experiencing a gradual recovery that could determine the future of the industry as macro forces from globalization to demographic shifts will determine how houses and workplaces will be built.

As the U.S. home building industry is showing signs of life with new housing starts picking up and inventory easing, contractors are ramping up their capacity once again with improved project pipelines. Demand for new applications for project costing and accounting will grow as well.

The same applies to solutions for real-estate management companies that manage everything from military housing to shopping malls.

Vendors that cater to the vertical have already laid the foundation to meet increased demand for integrated solutions ranging from infrastructure lifecycle management to document management for project design, workflow and execution.

The bottom line is that a fair amount of construction and real estate development activities will take place in the developing world where shortages of affordable housing are acute and local governments are preoccupied with infrastructure projects.

For applications vendors, the task is to spruce up their multi-language and multi-currency capabilities in order to take advantage of such opportunities. The growing acceptance of the on-demand delivery model has become the impetus for vendors such as RealPage and Yardi to become the dominant on-demand vendors for the real-estate management applications market.

Eclipsing many on-premise software vendors, this new breed of applications providers have won over developers, apartment managers and tenants with an array of Web-based services, which have become the preferred method for them to access features from utility management to rent payment and collection.

Market Overview

The construction and real-estate applications market contracted 5% in 2009 as projects were either postponed or scrapped amid the global slump.

Major applications vendors specializing in the vertical either saw flat or declining sales.

Still the market is expected to see some relief as government-backed infrastructure projects such as high-speed rail services between Chicago and St. Louis and other proposed lines enter the construction phase. The same applies to massive infrastructure projects under way in Brazil, China, India and Russia.

On the smaller scale, demographic shifts will spur development of senior housing and extended care facilities, all of which will drive a mini-construction boom in Sun-Belt states and elsewhere. Retrofitting existing facilities with alternative energy sources to meet environmental concerns will also be a priority for many communities.

For applications vendors, such projects will be a respite from the slump that threatens to undo much of their growth over the past decade.

The issue is whether they can return to the previous levels of double-digit growth following the path of their customers, which no doubt have become more circumspect about overbuilding and overexpansion, thusly avoiding the costly mistakes of the past.

Implications Of The Great Recession of 2008-2009

The latest recession challenged and defeated the conventional wisdom that ruled out the possibility of a national housing bust. The question is whether a national housing recovery is on the horizon. Overbuilt communities in Arizona, California and Nevada will still be under pressure, but contractors and builders have already seen tentative signs of a housing rebound elsewhere.

Some apps vendors such as Maxwell and CMIC actually saw their sales rise in 2009 because of the decision on the part of their customers to proceed with technology projects when scarce IT resources became readily available in a downturn.

Vendors on the real estate side actually fared quite well because of the cost-savings benefits of such projects from standardized property management to payment processing via electronic commerce.

In fact the intrinsic value of these solutions has prompted SAP to make a minority investment in RIB Software AG for its construction and real-estate solutions, while private equity firm Vista Equity Fund picked up the real estate management applications division of Intuit in early 2010.

If the trend continues, apps vendors that are considered undervalued will pique the interest of investors as the nascent recovery in the vertical begins to nudge a full spectrum of builders, property management companies and real estate investment trusts into action.

Customers

For most apps vendors in the construction and real-estate vertical, SMBs remain their lifeblood allowing them to amass tens of thousands of customers. With the advent of client-server implementations and more recently Web services, small to midsized contractors with employees ranging from a handful to a few dozen have continued to fuel the vertical.

Many apps vendors have benefited from the fragmented nature of these operations, securing stable maintenance revenues that have kept them going during the downturn.

As these vendors transition to on-demand delivery, the barriers that used to prevent them from selling, implementing and supporting customers in faraway places have fallen. As a result, the mainstay of the construction and real-estate

management vertical applications will be heavily represented by those that have established a critical mass of SMB customers, but also an extensive ecosystem to support them either locally or via on-demand delivery. Vendors such as Sage prove to be particularly successful in selling into the SMB segment.

Large contractors such as Bechtel and Fluor, on the other hand, will continue to play a significant role in the development and implementation of advanced applications that allow them to have good visibility into different projects under construction on the global level, thus reducing cost overruns and process bottlenecks by reusing common templates and best practices. On that front, vendors such as Oracle and SAP have seen increased traction because of their global product and support capabilities.

Top 10 Applications Vendors In Vertical

The following table lists the 2009 shares of the top 10 applications vendors in the construction and real estate vertical and their 2008 to 2009 applications revenues (license, maintenance and subscription) from the vertical.

Vendor	2009 Share(%)	2009 Applications Revenues From Construction & Real Estate(\$M)	2008 Applications Revenues From Construction & Real Estate (\$M)
Sage	10.9%	150	175
Oracle	9.1%	125	120
Microsoft	7.3%	100	105
Yardi	7.1%	97	94
RealPage	6.6%	90	85
SAP	5.8%	80	85
Sword CTSpace	3.6%	50	45
Maxwell Systems	2.9%	40	35
Hyphen Solutions	2.2%	30	38
Meridian	1.5%	21	20
Subtotal	57.2%	783	802
Other	42.8%	587	647
Total	100.0%	1370	1449

Vendors To Watch

Vendors that are worth watching are those that could see breakout sales in the coming years because of their growing ranks of customers.

For example, RIB, which received a minority investment from SAP in January 2010, has 12,000 customers and the growing ties with SAP will help strengthen the appeal of its product RIB iTWO, which enables easy integration between computer-aided-design(CAD) applications and ERP solutions to help reduce construction costs.

Constellation Software, which has 2,400 customers in the vertical, could experience rapid growth by taking advantage of cross-selling and upselling capabilities through other divisions of Constellation including those that focus on public sector and private club membership organizations, both of which maintain multiple sites and facilities.

Outlook

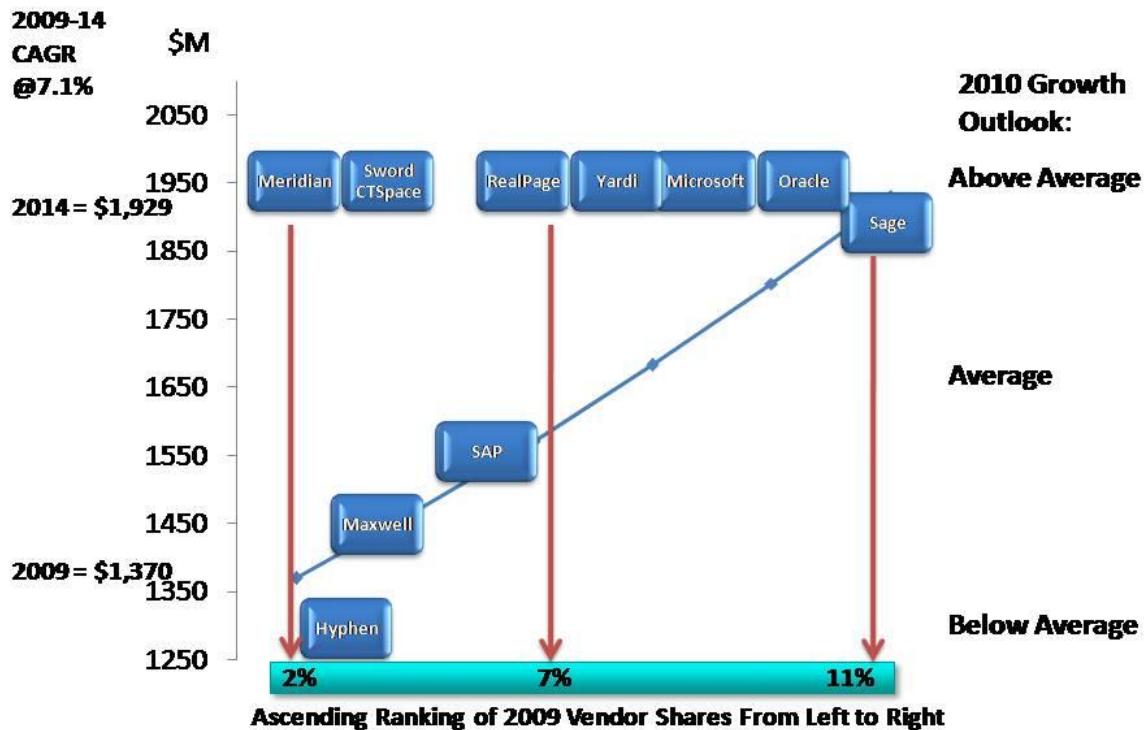
On the upside the construction and real estate vertical is expected to go through significant changes as the housing market begins to recover in the United States and other countries. The onslaught of these residential projects, coupled with increased infrastructure spending by governments and sovereign state funds, could have a lasting impact on applications vendors to jumpstart their research and development efforts especially in helping customers crystallize their vision of green living.

On the downside change will not come quickly as the commercial real estate market faces structural issues from overcapacity to unsustainable debt levels for developers and property owners. Additionally IT investment often comes as an afterthought in the construction and real estate vertical because of users' perception of their existing systems – often ruggedized to fit their needs - as costly to replace.

SCORES Box Illustration

The following graphic shows the 2009 shares of the top 10 construction and real estate market with Sage claiming the top spot at 11%, followed by Oracle, Microsoft, Yardi, RealPage and others. Based on our SCORES methodology, Oracle, Microsoft, Yardi, RealPage, Sword CTSpace, and Meridian are rated above average for their growth potential in 2010. The market is expected to achieve a 7.1% compound annual growth rate rising from \$1.3 billion in 2009 to \$1.9 billion by 2014.

2009 Shares of Top 10 Apps Vendors In Construction/Real Estate Vertical, 2010 Growth Outlook, Forecast Through 2014



Profiles of Top 10 Applications Vendors In Vertical

- Sage
- Oracle
- Microsoft
- Yardi
- RealPage
- SAP
- Sword CTSpace
- Maxwell Systems
- Hyphen Solutions
- Meridian

Sage North America

Hillsboro, OR

www.sagecre.com

Overview:

Following a series of acquisitions in the construction software vertical, Sage North America has made significant inroads into contractors, builders and real-estate companies with industry-specific solutions for estimating, accounting and real-estate management. Typical customers range from construction companies and builders with a single location to those that operate in many regions with thousands of employees.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	175	150

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	105	70%
EMEA	45	30%
Asia Pacific	0	0%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	15	10%
Large(1K-5K ees)	45	30%
SMB(1K ees and below)	90	60%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	60	40%
Maintenance	90	60%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Below average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Share	Market shares, company sales, size, overall market presence	Above average
Total	With a 10.9% share in the construction and real estate vertical, Sage North America's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Since its acquisition of Timberline in 2003, Sage North America has launched a series of acquisitions to shore up its construction and real-estate management offerings. The Timberline purchase, which brought with it 20,000 customers in the construction vertical, was followed by the deals to buy the Master Builder product line from Intuit and Contractor Anywhere in 2005 and Tekton, a European construction software company with 230 customers in the UK and Ireland, in 2008.

Altogether Sage North America has more than 90,000 construction and real-estate companies as customers primarily in North America and Europe.

Key Applications For Construction and Real Estate Vertical:

Sage Timberline Office, Sage Master Builder, Sage Project Lifecycle Management, and Peachtree by Sage Premium Accounting for Construction

SCORES Analysis

Strengths

Despite the economic downturn, Sage North America stands a good shot of regaining its momentum in the construction and real-estate industries once housing prices begin to stabilize. Because of its reach into tens of thousands of builders and contractors, Sage North America has become a de facto standard when it comes to cost estimating and project accounting for many within the vertical.

Sage's strength in the construction vertical lies in the strong following of Timberline, which has kept up with new enhancements since its acquisition in 2003. Despite Sage's diversified product portfolio, the vendor has continued to improve its construction industry offerings through dedicated development efforts and complementary acquisitions.

Sage's key products for the vertical include Sage Timberline Office, Sage Master Builder, Sage Project Lifecycle Management, and Peachtree by Sage Premium Accounting for Construction.

In addition to estimating and accounting applications, Sage North America has added separate modules such as project lifecycle management, an on-demand offering for project-based construction companies. Sage has been able to cross-sell and upsell its HR, payroll and CRM products to its construction and real-estate industry customers.

In 2009 Sage North America unveiled Version 9.6 of Sage Timberline Office, which included Advanced Assembling Estimating Databases for contractors to streamline their workflow. Other enhancements include 64-Bit compatibility, easier general ledger transactions maintenance, Estimating with multicurrency functionality, as well as enhanced integration between Estimating and Change Management as well as full integration with Sage CRM.

In May 2009 Sage North America took a big step by delivering a major integration with Autodesk Quantity Takeoff 2010, providing a critical link with Sage Timberline Office Estimating.

Such enhancements underscore its reach as well as the resources Sage North America has put behind its construction and real estate division to ensure its long-term success.

Customers

With more than 90,000 customers in the vertical, Sage North America has maintained a strong presence among small and large contractors, builders, as well as real-estate divisions of major companies. Sample customers include Best Buy, Brothers Concrete, Dewey Homes, Dow Corning, and Hunter-Davisson.

Sage North America has benefited from the recurring revenues of its large installed base, while becoming more entrenched among these existing customers by cross-selling them additional Web services and software products.

Opportunities

Sage North America's biggest opportunities in the construction vertical lie in the overseas market where its presence outside of US and UK is limited. Its future also lies in ensuring the scalability of its products to help tackle infrastructure construction projects underway in many parts of the world, especially in emerging markets where Sage North America is better known for its horizontal offerings.

Risks

Sage North America's key competitors in the construction vertical include Microsoft, Oracle as well as a smattering of niche vendors in local markets. While Sage has done well in the construction vertical, it has not invested enough in the real-estate management part of the industry, especially in areas such as property and facilities management.

Unlike its buying spree in the past, Sage North America appears to be proceeding cautiously with its next-phase expansion. It remains not clear whether Sage North America has become more interested in organic growth rather than reverting back to its traditional acquisition strategy, but one thing is certain.

In order to support the long-term strategy of its construction offerings, many more moving parts such as software modules for site selection and workflow technologies for the real-estate vertical will be needed before Sage North America can prolong its market dominance.

Ecosystem

The latest extension of its ecosystem is its collaboration with Autodesk to offer a critical link with Sage Timberline Office Estimating. The new integration will enable users to automatically export quantity information from Autodesk Quantity Takeoff 2010 to Sage Timberline Office Estimating and generate a cost estimate with one click, resulting in faster and more accurate cost estimating for Building Information Modeling users.

Sage relies heavily on resellers for its sales to the construction vertical. Examples include Accordant Company LLC, Aktion Associates and Axlin Data Systems. However Sage's prized ecosystem has been under siege by the economic downturn. Last year MIS Group, one of Sage's top resellers in the construction verticals, ceased operations due to the recession.

Shares

With a 10.9% share in the construction and real-estate vertical, Sage North America is poised to grow further through better cross-selling and upselling of its other products to become more entrenched with its installed base.

On the upside, Sage North America is capable of winning share from its competitors because of its breadth of offerings and domain expertise once the housing market recovery is evident.

However Sage North America has not had a strong presence in developing countries selling its construction software. The same also applies to its relatively weak showing among real estate investment trusts.

Only if Sage North America can jumpstart its ecosystem with needed financial assistance and margin relief and turn up its acquisition volume to reinforce its commitment to the vertical, chances of Sage North America gaining share in the construction and real-estate markets appear neutral at best.

Oracle

Redwood Shores, CA

www.oracle.com

Overview:

Oracle has been expanding into the construction and real-estate vertical through internal development efforts and complementary technologies as a result of timely acquisitions. Additionally Oracle has continued enriching its offerings such as SiteHub for the vertical by leveraging its analytics and middleware products.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	120	125

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	68.75	55%
EMEA	37.5	30%
Asia Pacific	18.75	15%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	0	0%
Large(1K-5K ees)	31.25	25%
SMB(1K ees and below)	93.75	75%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	50	40%
Maintenance	75	60%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Share	Market shares, company sales, size, overall market presence	Above average
Total	With a 9.1% share in the construction and real estate vertical, Oracle's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

Since its acquisition of JD Edwards as a part of PeopleSoft buyout in 2004, Oracle has made a concerted effort to establish itself as a major enterprise applications vendor for the construction and real estate vertical, one of the key markets for JDE. The vendor has enhanced the JDE Enterprise One and World product lines for the vertical, plus improved capabilities for capital assets, projects and contract labor categories. In addition to JDE Enterprise One, Oracle's purchase of Primavera in 2008 has expanded its reach into project-based contractors and real-estate arms of large corporations that have standardized on Primavera P6 for integrated construction project management.

Altogether Oracle has more than 5,000 construction and real-estate companies as customers around the world. Typical customers range from construction companies and builders in emerging countries to commercial real estate developers and property managers taking advantage of new urbanism.

Key Applications For Construction and Real Estate Vertical:

Oracle JDE Enterprise One, Oracle Primavera P6, Oracle Site Hub

SCORES Analysis

Strengths

The combination of Oracle's integrated technology stack and acquired products tailored for the construction and real estate vertical has propelled the vendor to the front and center position in the minds of major contractors and real estate investment trusts with extensive holdings around the world.

While Oracle has been aggressive with its acquisition strategy, it has invested heavily to ensure its acquired products live up to the expectations of the target industry by aligning them with the right solutions from the perspectives of feature, functionality and scalability fit.

Synergy has become abundantly clear in its product roadmap. For example, its JDE Enterprise One has been extended to take advantage of value chain planning capabilities for better supply chain management, while JDE's integration into Primavera product portfolio management is made readily available to customers of both applications.

The result is that the use of one Oracle application by a construction company will automatically evoke the added benefits of investing in a complete set of Oracle solutions to boost the overall returns.

Another example is Oracle Site Hub, a product derived from its Master Data Management offering that centralizes site and location specific information from heterogeneous systems. The result is that real-estate management companies or big retailers will be able to use Site Hub, along with its P6 or JDE 9.0 to better plan and identify sites for opening new outlets as well as store lifecycle management from prospecting, selection, operation, and remodeling to store closure.

Such integrated benefits highlight Oracle's strengths as a go-to vendor for industry-specific solutions that can be systematically improved with the help of complementary products and technologies. That appears to become increasingly indispensable for companies wanting to optimize their software strategies.

Customers

With more than 5,000 customers in the vertical, Oracle has been selling particularly well into multinational contractors as well as real estate divisions of large corporations. Recent customer wins included Caruso Affiliates, Clayco, Emcor Group, and MDC Holdings.

While Oracle has captured a stable recurring revenue stream from its existing Oracle E-Business Suite and JDE Enterprise One customers in the construction vertical, the Primavera acquisition has also netted the vendor with thousands of new construction and real-estate customers.

In late 2009, Oracle also saw resurging sales to engineering and construction companies in the EMEA region with much of net new customer wins coming from Middle East and Africa where economic recovery appeared more resolute.

Opportunities

Oracle's biggest opportunities in the construction vertical lie in the developing countries such as those in the Gulf States, Africa and much of Southeast Asia where real-estate development is rebounding quickly. Oracle, which has already established a big presence in Saudi Arabia, UAE and others, is expected to leverage its leadership position in the region to capitalize on the accelerated amount of infrastructure development throughout the region.

Risks

Oracle has not been immune from the economic downturn, but it appears that it has emerged from it relatively unscathed because of its extensive product portfolio, diversified installed base as well as its global reach.

Still the near-term challenge remains migrating the JDE Enterprise One and World customers to the latest releases, while optimizing the Primavera brand by providing its customers in the construction and real-estate vertical with highly differentiated offerings such as best-in-class reporting, something that Primavera failed to achieve when it was an independent entity.

Ecosystem

Oracle's elaborate ecosystem has been a treasure trove for its customers, but navigating it may take more time and effort than they can handle. Over the past year, Oracle has been pressing ahead with its partner enablement program as well as a slew of Accelerate offerings for its midmarket customers.

Still the challenge remains the creation of a highly calibrated approach that aligns its indirect and field sales operations in order to ensure its partners have easy access to demand generation incentives as well as other support programs for rapid closing and high customer satisfaction.

Shares

With close to 9.1% share in the construction and real-estate market, Oracle is expected to gain share because of its vast resources and deep commitment toward addressing specific requirements for customers in the vertical with easily configured ERP products.

On the upside, Oracle's history of successfully integrating acquired companies into its overall product portfolio has lent a great deal of credibility before customers, partners and prospects.

On the downside, Oracle may risk losing touch with its target customers in construction, or any other vertical for that matter, just as its competitors are aiming to siphon shares away at a time when Oracle is still busy with the task of becoming a vertically integrated solution provider with its recent purchase of Sun Microsystems.

Microsoft

Redmond, WA

www.microsoft.com

Overview:

Backed by an expansive ecosystem and rich resources, Microsoft has gained ground in the construction and real-estate vertical. Microsoft's enterprise applications for customer relationship management and financial accounting, along with integrated products for collaboration and construction projects from its partners, have been well received by developers, design/build firms, and contractors in developing countries.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	105	100

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	55	55%
EMEA	45	45%
Asia Pacific	0	0%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	0	0%
Large(1K-5K ees)	20	20%
SMB(1K ees and below)	80	80%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	40	40%
Maintenance	60	60%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VA Rs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 7.3% share in the construction and real estate vertical, Microsoft's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

The construction and real estate vertical has been a mainstay for Microsoft since its acquisitions of Solomon and Great Plains in 2000. Both Solomon and Great Plains product lines have been targeting the vertical with much fanfare because of their industry-specific functionality that addresses the needs of project-based organizations. Increasingly the growing success of Microsoft CRM applications has bolstered the vendor's presence in the vertical, which is keen on becoming more responsive to customer needs through end to end integration, self-service enablement and real-time access to financial and project data.

Microsoft has more than 12,000 construction and real-estate companies as customers in North America, Europe and emerging markets in the Middle East.

Key Applications For Construction and Real Estate Vertical:

Microsoft Dynamics SL 7.0, Microsoft Dynamics CRM, Microsoft Project

SCORES Analysis

Strengths

Over the past year Microsoft has stepped up its push into the construction and real estate vertical on three fronts. First the growing acceptance of Microsoft Dynamics SL 7.0, launched in 2008, continued to build on its early successes among project-driven organizations. That was followed by the twin forces of next-generation customer relationship management and online services, both of which helped cement its ties with companies that became enamored with the value of such tools for boosting productivity and reducing costs.

After addressing industry-specific needs of construction and real estate companies, Microsoft has delivered additional capabilities such as business portals and Web collaboration to keep the SL product line highly differentiated. The next release of SL 8.0, due out in early 2011, will set out to better coordinate business processes and work tasks through improved interoperability and usability.

The mainstreaming of customer relationship management technologies in the vertical has resulted in increased adoptions of Microsoft Dynamics CRM across a full spectrum of construction and real estate companies wanting to have easy access to data that are vital to project completion. The scalability of on-demand and on-premise versions of Microsoft CRM has given large organizations the confidence of standardizing on Microsoft customer-facing and back-office solutions at the same time.

The advent of online services ranging from Web-based delivery of its software products to cloud services such as those powered by the Windows Azure platform means that construction and real estate companies may be able to realize the true benefits of instant access to mission-critical information and business intelligence unencumbered by the costs and maintenance requirements associated with setting up a conventional IT infrastructure.

The three-pronged approach suggests that Microsoft's ability to penetrate the construction and real estate vertical has never been more convincing. The key lies in how its channel and ISV partners can pick up where it leaves off.

Customers

With more than 12,000 customers in the vertical, Microsoft has maintained a strong presence among small and large contractors, builders, and property management companies. Sample customers include Instant Access Properties, Strahm Group, Perry Developments Ltd., TDIIndustries, Jones Lang LaSalle, Majestic Realty Co., and KDA Holdings.

Large organizations such as Jones Lang LaSalle, a global real estate service company with 30,000 employees in 60 countries, have been using Microsoft Dynamics CRM through the organization helping its brokers share customer and account information across its 700 local offices. Because of its efficient customization and integration with other enterprise systems, Microsoft Dynamics CRM was chosen over Salesforce.com, which used to be the incumbent CRM package at Jones Lang LaSalle.

Opportunities

Enterprise applications from Microsoft are expected to do well among construction, real estate and project-driven organizations that have already invested in the Microsoft platform. The accelerated push into Cloud delivery of its products, technologies and services by Microsoft will also appeal to organizations within the vertical that are in need of migrating from their legacy systems to an online environment where they can better interact with customers and partners through Web-based collaboration.

Risks

Upgrading Microsoft applications customers to the latest releases has always been a challenge for the vendor and its partners, which have been selling extended systems that run on top of the Microsoft Dynamics platform with easy access to its source code. Such modifications could impede the upgrade process.

Microsoft is also in the midst of a delicate transition from the on-premise world to on-demand delivery of its products, a task that is going to require a complete buy-in from its partners who may find such shifts disruptive to their business model on the heels of the economic downturn.

In addition to Microsoft Dynamics SL and CRM, other products such as Dynamics GP and AX have been adopted by some construction and real estate companies. What that means is that Microsoft needs to better define its different brands as to their applicability and fit for the construction and real estate industry.

Ecosystem

For the vertical, Microsoft has generated considerable momentum from such partners as Aurigo Brix, Cardamel Consulting, Iteration2, New Vision Consulting Group, SBS Group, SIS, Synergy Business Solutions, WennSoft, ExactTarget and Neudesic. Microsoft's standing in the vertical has also been buoyed by the local domain expertise of its partners such as eSolutions Dynamics in fast-growing markets such as the Middle East.

Starting 2010 Microsoft has initiated a series of channel retooling programs to bolster the financial and operational efficiency of its resellers through Partner Development Centers, special key performance indicators, solution sales process accelerators for Microsoft CRM, as well as a litany of personnel certification and accreditation requirements.

Shares

With a 7.3% share in the construction and real-estate vertical, Microsoft is aiming to broaden its coverage by turning its attention to boosting quality of its reseller channel. In addition the increased collaboration between the Microsoft field operations and its Dynamics resellers will yield dividends for both sides.

The upshot is that Microsoft is taking its vertical strategy to the next level with a more holistic approach by combining the best attributes of its extensive product and technology portfolio, along with increased involvement from its key partners.

The downside remains the fact that Microsoft's vertical strategy is a work in progress and any attempt to strengthen its resellers to sell into construction and real estate, or any other industry for that matter, through channel retooling may make it harder for some of its resellers to rebound from the recession.

Yardi

Goleta, CA

www.yardi.com

Overview:

Yardi's leadership in the real estate vertical has been unparalleled because of its relentless pursuit through internal development efforts, global expansion and more recently a series of acquisitions to augment its core offerings in real estate lifecycle management. Typical customers range from apartment management companies, public housing authorities and commercial realtors.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	94	97

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	63.05	65%
EMEA	19.4	20%
Asia Pacific	14.55	15%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	9.7	10%
Large(1K-5K ees)	29.1	30%
SMB(1K ees and below)	58.2	60%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	50	51.5%
Maintenance	47	48.5%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 7.1 share in the construction and real estate vertical, Yardi's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

Founded in 1984, Yardi has emerged as one of the biggest software companies in the construction and real estate vertical by offering a full suite of property management and lease administration applications. In 2010 Yardi acquired RentGrow Inc., a provider of online resident screening services for multifamily property management firms, following its recent purchases of Energy Billing Systems, ARGUS Property Management, SiteStuff and APB.

With more than 20,000 customers, Yardi products are used to manage more than eight million residential units and seven billion square feet of commercial space by real estate companies in North America, Europe and Asia.

Key Applications For Construction and Real Estate Vertical:

Yardi Voyager for real estate management, SiteStuff for e-procurement, Yardi Multifamily Suite

SCORES Analysis

Strengths

With a laser focus on the vertical, Yardi has been capitalizing on the international real estate boom over the past two decade and its recent acquisitions are expected to be instrumental in helping the vendor gain an upper hand once the economic recovery becomes more resolute.

Yardi's domain expertise, a trait that it has been refining for more than 25 years, is key to its ability to handle multi-dimensional requirements of global and local real estate companies, along with those that run public and military housing.

Its flagship product Yardi Voyager, now in version 6.0, is an enterprise suite that handles end-to-end real estate management requirements from complex consolidations to asset management, as well as compliance reporting and payment processing.

Its SiteStuff product is an e-procurement solution that helps property managers automate their purchasing processes, while its rCash helps real estate companies handle their accounts payable and receivable requirements from a turnkey perspective.

Last year it also launched Yardi Multifamily Suite, an easy to implement software solution for multifamily real estate companies. Its acquisition of Energy Billing Systems, which specializes in submeter servicing and meter reading, is expected to strengthen its offerings for companies that manage multifamily dwellings.

Yardi's influence in the real estate industry does not stop at the technology level. In 2009 it acquired Commercial Property Executive and Multi-Housing News, two highly-regarded trade publications that reach tens of thousands of real estate industry executives.

The scope of its product offerings as well as its growing influence highlight Yardi's successes in harnessing the best-in-class applications and the community of users, consultants and decision makers to create a network effect that ensures its future growth.

Customers

With more than 20,000 customers in the vertical, Yardi has achieved the critical mass to sway the technology direction of many key stakeholders of the real estate industry. Customer wins in 2009 included AEGON USA Realty Advisors, Arcadia Management Group, Bixby Land Co., Centerline Capital Group, CRL Senior Living Communities, EastGroup Properties, Emboss Capital, Ensemble Real Estate, Hignell Companies, MERIT Rental Property Management, Milestone Management LP, National Community Renaissance (National CORE), Physicians' Capital Investments, and Westmount Realty Capital, LLC.

With a growing number of online offerings, Yardi has dramatically widened its recurring revenue stream, which has become indispensable in helping the vendor weather the economic downturn.

Opportunities

Yardi has continued to build on its successes in multifamily and commercial real estate markets and its opportunities are likely to be driven by such fast-growing population centers in Asia, Latin America and emerging markets.

Other growth opportunities will come from adjacent markets such as accelerated sustainability push to help its customers better manage energy consumption. Because of its reach into a large swath of the residential and commercial real estate market, the consolidated database of its customer profiles, interactions and transactions could serve as a leading indicator to pinpoint future economic growth. That in itself could open up new opportunities for Yardi as a real estate content aggregator.

Risks

Because of its outsize presence in the real estate industry, Yardi has emerged as an obvious target for competitors that seek to dethrone the vendor through disruptive technologies from social media to cloud computing. Another question is whether Yardi is capable of growing organically or relying solely on acquisitions to fuel its expansion.

While the latter appears to be strategy of choice of late, the technology rewrite of its acquired assets could become more onerous with increased complexity of its product portfolio.

Ecosystem

In addition to its established ties with real estate customers and associations, Yardi has generated incremental revenues from the Yardi Independent Consultant Network, which is made up of real estate professionals that act as implementation partners and resellers. Hundreds of these consultants have formed the backbone of Yardi's indirect channel to sell into secondary and tertiary markets.

Shares

With more than 7.1% share in the construction and real-estate vertical, Yardi has carved out a significant niche with its integrated products, a large installed base as well as a sizable lead over its competitors.

On the upside, Yardi's growing acquisition appetite may presage additional purchases in such areas as real-estate performance management and project management.

On the downside, the fragility of the commercial real estate market – burdened by high debt load and the consolidation wave among big shopping mall developers – could render Yardi's fate in the hands of fewer but no less demanding customers and prospects. Still the longevity of Yardi suggests that its ability to gain shares in the real estate vertical is above average.

RealPage

Carrollton, TX

www.realpage.com

Overview:

RealPage took the express lane in 2009 in its bid to become one of the biggest software vendors for the real estate vertical by expanding through acquisitions into markets such as senior living and small apartment communities. The rapid growth has helped transform RealPage into a diversified technology provider targeting real estate management companies at the global and local community levels.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	85	90

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	90	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	0	0%
Large(1K-5K ees)	0	0%
SMB(1K ees and below)	90	100%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	0	0
Maintenance	0	0
Subscription	90	100%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Above average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Above average
Total	With a 6.6% share in the construction and real estate vertical, RealPage's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

The ascent of RealPage has been nothing but remarkable over the past few years, positioning itself as an on-demand powerhouse that meets the end to end technology requirements of national and regional real estate management companies.

In 2010 RealPage acquired Domin-8 Enterprise Solutions, increasing its presence among small and medium-sized property management firms and affordable housing owners and managers. The move followed more than a dozen acquisitions RealPage has made since 1999 when it started as a designer of websites for real estate companies. Today its six major on-demand offerings covering everything from property management to utility billing are being

used by tens of thousands of apartment communities and hundreds of thousands of single family rentals across the United States.

Key Applications For Construction and Real Estate Vertical:

OneSite Property Management, Military Housing, Crossfire Contact Center, Velocity Utility Management

SCORES Analysis

Strengths

In addition to its latest acquisition of Domin-8, RealPage took advantage of the recession by scooping up technology assets in the small apartment and senior living community markets. In 2009 it acquired Propertyware, which specialized in on-demand property management applications for single-family and low density rental units. That added more than 25,000 customers representing five million apartment units.

The 2009 purchase of EverGreen Solutions, a consulting and integration firm serving the multifamily, commercial, senior, student and military housing, helped strengthen RealPage's services capabilities. Last year RealPage also bought A.L. Wizard, a developer best known for its software assessment method for resident acuity measurement and community management best practices in the senior living industry. The multiple acquisitions have resulted in boosting its employee count to 1,200, up from 950 in early 2009. Its breakneck pace of growth has catapulted RealPage to a full service technology provider for all segments of the real estate industry.

RealPage's on-demand offerings run the whole gamut of property management, asset optimization, utility management, risk mitigation, spend management and sales and marketing for boosting occupancy and tenant retention. It also offers an on-demand infrastructure services designed to help multifamily owners and operators to reduce their IT costs.

Its extensive product portfolio is leaving no stones unturned. For example, it recently launched integration between its OneSite Military Housing and the electronic Navy housing system called eNH. The integration between the two systems enables private partners operating on-base military housing at U.S. Naval installations to seamlessly exchange information with the Navy system supporting the joint referral and resident management functions of privatized Navy housing.

Reducing total costs of ownership has become one of the top RealPage's priorities to assume the burden of administering IT systems on behalf of its customers hard hit by the downturn. Recently it started offering outsourced revenue management advisory services for property owners and managers who want to utilize revenue management applications, but do not want to incur the costs and staffing to support it in-house.

What it suggests is that RealPage has significantly boosted its wallet share among its target customers, a tight bond that could prove to be difficult to dislodge by its competitors.

Customers

With more than 30,000 apartment communities using its on-demand products and services, RealPage has blanketed the real estate industry through continuous innovation delivery and aggressive acquisitions. Its typical customer is a real estate services company that manages hundreds of apartments and millions of square feet of commercial space.

Sample customers include Pinnacle, a unit of American Management Services, which oversees a real estate portfolio worth more than \$17 billion. Recent wins included Equity Residential, Abacus Capital Group and Sequoia Equities.

Opportunities

RealPage is banking its growth on the senior living community market as well as real estate management companies specializing in secondary and tertiary markets where IT automation is becoming a more pressing issue for property managers in order to cut costs and stave off the effects of a lingering recession.

The recent acquisition of Domin-8, which has operations in Canada, has also paved the way for RealPage to expand globally.

Risks

RealPage has come into being following a series of acquisitions, which netted a hodgepodge of technologies that need to converge at some point in order to take advantage of the economy of scale. The latest acquisition Domin-8 added to the complexity since Domin-8 was a product of more than eight previous purchases. However given its plans to consolidate on-demand delivery of its products and services through its data centers in Dallas, RealPage is intent on creating a seamless environment for single point of control and system optimization.

Ecosystem

In 2009 RealPage started a new division focusing on Cloud-based delivery of its products and services. The infrastructure is comprised of two fully redundant data centers connected by dual 10 Gigabit dedicated fiber circuits, as well as hundreds of servers with more than 300 terabytes of storage. The cloud services also allow RealPage to offer hosting services for third party accounting applications, thus extending its reach into other technology assets being used by its customers.

Another tool that RealPage relies on to expand its influence throughout the real estate market is its MPF Research arm, which has been providing market research data on the multifamily industry since 1961.

Shares

With a 6.6% share in the construction and real-estate vertical, RealPage is poised to grow in 2010 with a stated goal of growing its headcount by up to 20%, exceeding 1,300. Prior to the acquisition of Domin-8, which netted about 100 employees, RealPage had 1,100 employees.

On the upside, the recession notwithstanding RealPage has shown no signs of slowing down over the past year because of the breadth of its offerings and its laser focus on the multifamily market. The recent acquisitions have further strengthened RealPage's position in a number of fast-growing market segments such as senior living.

Technical challenges, a result of its relentless acquisitions and lofty ambitions, could put a damper on its ability to meet customer expectations in the short run. Still RealPage's chances of gaining share in the real estate management market are above average.

SAP

Walldorf, Germany

www.sap.com

Overview:

The big enterprise software vendor has accelerated its push into the construction and real estate vertical by investing in new products, ecosystem development and selective acquisitions. SAP targets the vertical as a part of its engineering, construction and operations(EC&O) industry portfolio.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	85	80

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	20	25%
EMEA	44	55%
Asia Pacific	16	20%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	28	35%
Large(1K-5K ees)	40	50%
SMB(1K ees and below)	16	20%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	25	31.3%
Maintenance	55	68.8%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VA Rs, resellers, SIs and ISV partners, health of ecosystem	Below average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 5.8% share in the construction and real estate vertical, SAP's ability to maintain and win share in the market segment in 2010	Average

Full overview:

In 2010 SAP and Hasso Plattner Ventures made a minority co-investment in RIB Software AG (RIB), which specializes in the construction vertical with 12,000 customers. RIB and SAP will cooperate to offer model-based editing of project and ERP processes.

Additionally SAP has been offering a full suite of ERP and industry-specific applications for construction and real estate management companies meeting their needs in such areas as cost estimation, project and financial reporting, and corporate real estate management.

SAP has more than 450 customers in the construction and real estate vertical with the majority of them in Europe. Typical customers include developers, construction companies, ship builders, as well as multinationals with extensive real estate holdings and facilities management responsibility.

Key Applications For Construction and Real Estate Vertical:

SAP ERP, SAP BusinessObjects

SCORES Analysis

Strengths

SAP has secured a long list of major customers in the construction and real estate vertical by providing them with a robust financial management system along with industry-specific functionality.

Because of its experience in process improvement, SAP has replicated such best practices for construction companies to attain a high degree of operational efficiency. The SAP BusinessObjects products have been instrumental in helping construction and real estate companies boost their visibility into their organizations with the help of intuitive applications for compliance, financial reporting and balanced scorecarding.

The combination has meant builders and developers that used to be running disparate systems are capable of reengineering their business processes by standardizing on core financial systems that are tightly integrated into the rest of their operations to achieve enterprise-wide collaboration, accelerate decision-making processes while meeting regulatory requirements on a global level.

With more than 15 years of experience in serving real estate management companies, SAP has amassed key customer references as well as a rich set of functionality for users to manage the entire lifecycle automating every part of workflow from physical portfolio management to lease administration and from correspondence record-keeping to facilities management.

The investment in RIB Software underscores SAP's desire to gain significant inroads into new and emerging markets especially those in Middle East and Asia Pacific through highly differentiated offerings linking computer aided design applications and ERP systems for full digital conversion of the entire construction process.

SAP is gearing up as the standard process platform for construction and real estate companies to streamline their operations, achieve world class business performance and ultimately boost their total returns.

Customers

With more than 450 customers in the vertical, SAP has done reasonably well among mid-sized to large construction and real estate management companies. Sample customers include Aker Kvaerner, Arabtec, Bilfinger & Berger, Bouygues, Camargo Correa, Eurovia, FCC, Hatch, Impregilo, KBR, Larsen & Toubro, Linde Engineering, Mercury Engineering, Mitsubishi Heavy Industries, OPCA, Royal BAM, Roy Anderson Construction, Skanska LA, Techint Ingeniería & Construcción, TIC, UEM Group, United Group, Ballast Nedam, Centex Homes, Cyrela, Jim Walter Homes, John Laing Homes, Marg, Mitsui & Co, Mota Engil, Rossi Residencial, Urbi, and Vista Land.

Growing its business in the vertical will depend on SAP's ability to cross-sell solutions into the sizable installed base of its BusinessObjects product line, while working closely with its business partners to better serve subverticals from infrastructure construction projects to local apartment communities.

Opportunities

SAP is expected to grow organically and through its partners in the construction vertical. In the construction vertical, SAP will start selling on-demand solutions to address such markets as the United States where the vendor is considered underrepresented in deals selling into construction companies that have been muddling through with low-end ERP systems. The same applies to the real estate investment trust segment where SAP has not been considered a serious player.

Risks

Even with improved product offerings and a more robust ecosystem, SAP 's growth may still fall short without making substantial investments in the vertical.

The challenge remains that SAP has to keep its priorities straight as to how it wants to lead with its ERP or industry specific solutions in any engagement, aligning them with the precise requirements of construction and real estate companies in mind. While SAP may have the right vision, its long-term value may not necessarily address the near-term requirements of these customers.

Construction and real-estate vertical is still rooted in the local market and SAP may have no choice but to invest in solutions that address such location-specific requirements from utility billing to CRM systems for community realtors.

Ecosystem

One key enabler for SAP in the vertical has to do with its alliance with Adobe to incorporate Adobe Forms into a content management system that meets the document and correspondence management requirements for construction and real estate companies.

Indeed, much of the growth of SAP will hinge on extending the vendor's reach with the help of third party ISV and reseller partners. To that end, SAP has indicated that it will work with individual partners to incorporate their products in areas such as cost estimation, subcontractor and vendor RFI/RFP, and proposal preparation and submittal into future releases of SAP real estate management applications.

Shares

With a 5.8% share in the construction and real-estate vertical, SAP has a lot of room to grow given its huge base of 90,000 customers including those that may have little exposure to its industry specific solutions.

On the upside, the investment in RIB may presage greater commitment on the part of SAP to make additional investments in the vertical.

The downside remains the fact that SAP is in the midst of an enterprisewide overhaul – following leadership changes in early 2010 - that may not be allocating enough attention and resources to each of its 20-plus verticals, which could result in any lapse in attention span that its competitors would not be afraid to exploit.

Sword CTSpace

San Francisco, CA

www.sword-ctspace.com

Overview:

Sword CTSpace has carved out an important niche in the construction software vertical by marrying project collaboration and content management. As part of Sword Group, a global software and service company, Sword CTSpace offers an ondemand solution for document management for project design, workflow and execution, quality and cost control during construction as well as maintenance of existing facilities.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	45	50

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	17.5	35%
EMEA	25	50%
Asia Pacific	7.5	15%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	10	20%
Large(1K-5K ees)	17.5	35%
SMB(1K ees and below)	22.5	45%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	15	30%
Maintenance	25	50%
Subscription	10	20%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 3.6% share in the construction and real estate vertical, Sword CTSpace's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

With a long history of helping customers manage critical documents for large-scale projects, Sword CTSpace has become one of the biggest on-demand vendors in the construction and real estate vertical. Last year CTSpace, the result of the merger of Citadon and BuildOnline in 2006; and Cimage, a major content management vendor, were combined into a single business unit within the Sword Group, a \$250-million software and services company involved in multiple verticals including financial services and construction.

Today Sword CTSpace works with thousands of customers to help them better manage 145,000 projects such as Les Halles, the largest commercial center in Paris; a major North Sea gas field project; and more than 100 construction

projects at Swedish retailer IKEA. Typical customers are owners, operators, construction and engineering companies carrying out capital-intensive projects that involve significant assets around the world.

Key Applications For Construction and Real Estate Vertical:

BuildOnline (BOL), Collaboration Workspace (CW), SwordCTSpace, SwordCiboodle, SwordAchiever

SCORES Analysis

Strengths

Leveraging its expertise in resolving thorny project-specific issues, Sword CTSpace has put its on-demand solutions within easy reach of construction companies that need to navigate mountains of information before they start putting concrete on the ground.

Sword CTSpace's major offerings include BuildOnline (BOL) and Collaboration Workspace (CW) for document management and project collaboration needs. The setup can be done within 24 hours and it takes any of its new customers minutes to start collaborating on a project.

The second product for the vertical is Paragon, an owner-focused cost control system for construction and engineering programs. Features of the on-demand Paragon product include funding management, project cost control management, deadlines adherence, and communications.

By partnering with major enterprise content management vendors, Sword CTSpace has been selling Fusion Enterprise, which offers on premise document management and collaboration solutions that build on top of content management offerings from IBM FileNet, EMC Documentum, or Microsoft SharePoint. Sword CTSpace plans to release FusionLive, its next generation of cloud based document collaboration.

The interoperability with these popular packages, along with its domain expertise, is expected to further cement Sword CTSpace as the de facto collaboration engine for large-scale construction projects.

Customers

With its products serving as the document management and collaboration engine that drives more than 145,000 projects around the world, Sword CTSpace has continued to add new customers because of its global reach. In many cases customers working on one project that relies on CTSpace products will lead to the use of similar tools for other projects.

Sample customers include Fluor Enterprises, McIntosh Group, Zachary Engineering, Mustang Engineering, Public Building Commission of Chicago, RW Block Consulting, EMCOR Group, Lakes Entertainment, AMEC Paragon, Burns & McDonnell, Devine Tarbell & Associates, RW Block Consulting, The Rise Group, Bechtel, Diavik Diamond Mines, and FMC Technologies.

Because of the interlocking relationships among its customers and their subcontractors working on similar projects, Sword CTSpace is capable of boosting the usability of its products and thusly the recurring revenue stream.

Opportunities

With the help of government-funded infrastructure projects to stimulate the global economy, Sword CTSpace stands to benefit from the pent-up demand for an integrated platform for project collaboration and lifecycle management.

For example, one of its biggest customers has been the BAA, the airport authority that oversees the expansion of the Heathrow Airport in the UK.

Risks

Brand recognition remains a challenge for Sword CTSpace, which has gone through multiple changes to its positioning since CTSpace was acquired by Sword Group in 2007. While CTSpace has been well established in project collaboration and document management, much more is needed for the vendor to offload other operational and workflow responsibilities on behalf of its customers from a technology standpoint.

Another challenge remains how to extend its product portfolio by incorporating the best attributes of its on-premise and on-demand offerings, something that is likely to take time for its clients to adjust in accordance with their long-term IT strategies.

The good news is that the Sword Group is committed to investing more in R&D and its recent decision to sell off some of its services divisions underscores its desire to expand on the software side.

Ecosystem

Sword CTSpace has built a growing ecosystem of consulting and channel partners in Australia, Belgium, China & Hong Kong, Italy, Malaysia, Middle East, Morocco, Russia, South Korea and Vietnam. Some of its partners include CBI, ConsulCAD, Datagraf Servizi S.r.l., Delaware Consulting, EBLA, Galantis, Guava Green, Infra Information Technology, and Ninemax International Ltd.

Shares

With a 3.6% share in the construction and real-estate vertical, Sword CTSpace is expected to grow its share because of its domain expertise in project collaboration and document management.

Casting a wide net over the direction of its many large-scale projects, Sword CTSpace is capable of upselling and cross-selling solutions from its other divisions such as the one for governance, risk management and compliance.

On the upside, Sword, which has grown through more than 17 acquisitions over the past 10 years, appears to be rationalizing the strengths of its software and service assets. Recently it sold off some of its services divisions to focus on its software divisions, a move that could bode well for CTSpace.

On the downside, the recent acquisition of insurance software developer Agencyport by Sword could signal the vendor's desire to expand further into the financial services vertical. It remains unclear whether the parent company is planning to develop Sword as a strong brand for each and every vertical that it targets, something that may become pivotal for CTSpace to grow globally.

Maxwell Systems

King of Prussia, PA

www.maxwellsystems.com

Overview:

With end to end solutions that meet the needs of different categories of building contractors, Maxwell has solidified its presence in the construction vertical by delivering continuous product innovation. Typical customers are those involved in general construction, specialty trades and subcontracting, heavy construction, and property management.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	35	40

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	40	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	0	0%
Large(1K-5K ees)	0	0%
SMB(1K ees and below)	40	100%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	12	30%
Maintenance	28	70%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.9% share in the construction and real estate vertical, Maxwell's ability to maintain and win share in the market segment in 2010	Average

Full overview:

Since its founding in 1975, Maxwell Systems has secured a long list of contractors as customers that rely on the vendor for everything in the entire construction project lifecycle – from job estimation to workforce management, and from bidding to cash payment.

User inertia, coupled with an economic downturn, has not dampened Maxwell's desire to innovate and achieve a competitive edge with its considerable R&D spending. A raft of product enhancements in 2009 demonstrated Maxwell's commitment to bringing easy to use features to an industry still accustomed to completing many processes manually.

Through the years Maxwell has established an installed base of more than 10,000 contractors as customers primarily in North America.

Key Applications For Construction and Real Estate Vertical:

SmartTraxx 2.0 for heavy and highway construction; Colonial 7.1 for property management and development companies; Quest Estimator 8.1 for construction estimators; Estimating Sitework Database for easier updating of pricing of materials, labor, and equipment; Estimation Logistics 8.1 for electrical, mechanical, plumbing, and HVAC contractors; Management Suite 6.6 for improved accounts payable, payroll, reports, and security; and QuestMX 8.6 for change order tracking, purchase order management, and proposal manipulation to compete on bid day

SCORES Analysis

Strengths

Even as the recession was battering the US construction industry in 2009, Maxwell did not skip a beat with its robust product strategy that encompassed a series of enhancements designed to boost visibility into every process within a contractor's business.

The steady flow of product releases covered everything from new releases of its takeoff and estimating applications to framing and sitework databases, allowing contractors to have easy access to mission critical data for optimized profitability.

The new releases included SmartTraxx 2.0 for heavy and highway construction; Colonial 7.1 for property management and development companies; Quest Estimator 8.1 for construction estimators; Estimating Sitework Database for easier updating of pricing of materials, labor, and equipment; Estimation Logistics 8.1 for electrical, mechanical, plumbing, and HVAC contractors; Management Suite 6.6 for improved accounts payable, payroll, reports, and security; and QuestMX 8.6 for change order tracking, purchase order management, and proposal manipulation to compete on bid day. Maxwell has also improved the user experience by releasing a touch screen monitor.

The series of enhancements underscore Maxwell's commitment to the contractor marketplace by investing 20% of its revenues in R&D, while beefing up its customer service capabilities with more than 50 support staffers.

Maxwell has built its reputation by focusing on internal product development and customer support in order to make the lives of its contractor customers easier, a key differentiator that is expected to yield dividends for both sides.

Customers

With more than 10,000 customers in the vertical, Maxwell has succeeded by reaching deep into different categories of contractors with well-designed applications and peripherals that address their specific needs.

Sample customers include Adams-Bickel Associates, DG Frondorf and Associates LLC, F.M. Harvey Construction, Ferrell Concrete, LLC, GCM Contracting Solutions, Giffin & Crane General Contractor, Gulf Paving Company, Hudson Paving, Mid-State Paving & Excavation, and Milton Mayeske & Sons.

Opportunities

Maxwell's biggest opportunities in the construction vertical remain the highly fragmented contractor marketplace with more than two million contractors in the United States alone.

The sweet spot centers around small contractors with anywhere between 10 and 100 employees as well as general contractors with more than \$50 million in revenues that are in need of standardizing on a single system for administrative and operational tasks.

In addition to its headquarters in King of Prussia, Maxwell operates throughout the United States with offices in Baltimore, MD; Fort Collins, CO; Phoenix, AZ; Santa Cruz, CA; and Sarasota, FL. Maxwell has limited presence outside of the United States.

Risks

Maxwell's ability to handle risks lies in its diversified customer base, which covers a full array of contractors. While new housing starts in the U.S. will still be under pressure, Maxwell appears to be able to weather the economic downturn since many of its customers are involved in projects other than home construction.

Since 2007, Maxwell has not made major acquisitions by devoting much of its attention to internal product development, a decision that could limit its long-term growth strategy once the construction business recovers.

Despite an uninterrupted product release strategy, Maxwell has not been embracing on-demand delivery of its applications, something that could leave room for its competitors to exploit now that a new generation of contractors are clamoring for reduced IT support burden.

Ecosystem

Because of its considerable penetration into the contractor marketplace, Maxwell has been relying on its installed base of more than 10,000 contractors for leads. Through a referral program, customers can earn up to \$1,000 in cash or credit by referring their leads to Maxwell.

Maxwell also maintains business partnership with AEC Design Group, Allpriser, American Solutions for Business, Construction Estimating Institute of America, FabTrol Systems, Inc., Ferguson Enterprises, GTCO CalComp, Harrison Publishing Service, Moriahcom, Piracle, Inc., The Blue Book, Trade Service, and Waterwheel.

On the platform side, Maxwell partners with IBM and Microsoft.

Shares

With more than 2.9% share in the construction vertical, Maxwell has prevailed over the past few years even as the business of many of its contractor customers took a dive. Maxwell's steady growth has continued unabated since 2004.

On the upside, Maxwell is expected to gain share because of its relentless drive toward making its products. However its limited presence outside the United States, coupled with its cautious approach to on-demand delivery and more recently a reluctance to engage in mergers and acquisitions, may pit the company in a precarious position as technology adoptions continue to shift and consolidations alter the competitive landscape.

Hyphen Solutions

Addison, TX

www.hyphensolutions.com

Overview:

Hyphen has been expanding its presence in the construction software vertical by selling a mix of online applications and services to major builders and their business partners. With growing acceptance of its online portal, Hyphen has become one of the key technology enablers connecting home builders, subcontractors and suppliers. Many of its customers are among the top home builders in the United States.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	38	30

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	30	100%
EMEA	0	0%
Asia Pacific	0	0%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	0	0%
Large(1K-5K ees)	0	0%
SMB(1K ees and below)	30	100%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	10	33.3%
Maintenance	20	66.7%
Subscription	0	0%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Average
Opportunities	Market opportunities at the vertical and subvertical levels	Below average
Risks	Ability to handle internal and external risks and challenges	Below average
Ecosystem	Network effects of VARs, resellers, SIs and ISV partners, health of ecosystem	Average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.2% share in the construction and real estate vertical, Hyphen's ability to maintain and win share in the market segment in 2010	Below average

Full overview:

With the backing of Olympus Real Estate Partners, a \$6-billion institutional real estate management company, Hyphen Solutions was founded in 1999 as an online destination to better connect builders and suppliers.

Its online offerings include BuildPro for builders and SupplyPro for suppliers, subcontractors and manufacturers. By addressing the common pain points that typically arise when builders interact with their business partners, Hyphen is augmenting their internal systems so that they can optimize their workflow and ultimately boost the efficiency and profitability of all the parties involved.

Key Applications For Construction and Real Estate Vertical:

BuildPro for builders and SupplyPro for suppliers, subcontractors and manufacturers

SCORES Analysis

Strengths

Over the past few years, Hyphen's major offerings BuildPro and SupplyPro have been enhanced to include capabilities such as reporting, bidding, inspections, lien releases, storm water pollution, and document management, along with the ability to handle purchasing, scheduling and other financial and business transactions.

Because of its alliance with key construction product manufacturers such as Masco, Hyphen has been instrumental in helping industry vendors improve their entire supply chain by aggregating and disseminating important financial data and information to building customers, suppliers, and distributors through the online portal.

Since the launch of the online portal, Hyphen has been enhancing the online platform continuously without requiring its customers to add any IT infrastructure to handle increased business volume.

Customers

With hundreds of builders and 8,500 suppliers as its portal subscribers doing large amounts of financial transactions, Hyphen is positioning itself as a critical link in the evolving marketplace for construction companies.

Sample customers include Albi Homes, Anderson Homes, Avatar Holdings Inc., Beazer Homes USA, Crestview Properties, Elliott Building Group, Gehan Homes, Inland Homes Signature Properties, K. Hovnanian Homes, Lennar Homes, Meritage Homes, MI Homes, OPUS Corp., Peachtree Residential Homes, Qualico Homes, Ryan Building Group, Ryland Homes, Santa Anna Homes, SelectBuild, Standard Pacific Homes, Taylor Morrison Homes, and UBG Alberta Builders.

In addition to these big builders, Hyphen sells its BuildPro scheduling products to smaller customers under an OEM agreement with Constellation Homebuilder Systems, which sells into 2,400 builders.

Hyphen also has a similar OEM agreement with Oracle selling its scheduling and collaboration products to homebuilder customers of Oracle.

Opportunities

As the housing market recovers, Hyphen is expected to add new suppliers and tier 1 and 2 builders and boost volume of transactions through the online portal.

Risks

For a number of years Hyphen has kept a relatively low profile in the construction software vertical. By eschewing publicity and not cranking out press releases, Hyphen has been working hard behind the scenes to improve the Web services capabilities of its online portal.

The challenge is whether Hyphen is capable of leveraging new tools such as social media and mobility to better support a new crop of customers that are becoming increasingly demanding on the always-on availability and accessibility of their often-used applications.

Ecosystem

In addition to its OEM deals with Oracle and Constellation, Hyphen partners with InterSystems for its integration technologies.

Hyphen is a Microsoft gold certified partner standardizing its development on the Microsoft platform. It partners with Masergy for network services.

Shares

With 2.2% share in the construction vertical, Hyphen is expected to face stiff competition in the coming years as the market struggles to recover.

On the upside, Hyphen's strong relationship with 8,500 suppliers will become an increasingly important asset to exert its influence over the direction of the home building market.

However its low profile, coupled with limited product offerings, could crimp its growth in the long run.

Meridian Systems

Folsom, CA

www.meridiansystems.com

Overview:

Meridian Systems has benefited from increased public infrastructure spending that requires construction and real estate companies to scramble for a scalable platform to plan, build and operate such projects. Typical customers are corporate real-estate specialists, builders, designers, project managers, contractors, subcontractors and other participants of complex infrastructure projects.

Applications Revenues In Construction and Real Estate:

	2008	2009
\$(M)	19.5	20.7

2009 Applications Revenues In Construction and Real Estate By Region:

Region	2009(\$M)	% of total
Americas	18.6	90%
EMEA	1.4	7%
Asia Pacific	0.6	3%

2009 Applications Revenues In Construction and Real Estate By Customer Size:

Size	2009(\$M)	% of total
XL(5K ees and above)	10.4	50%
Large(1K-5K ees)	9.3	45%
SMB(1K ees and below)	1	5%

2009 Applications Revenues In Construction and Real Estate By Revenue Type:

Type	2009(\$M)	% of total
License	9.7	47%
Maintenance	6.9	33%
Subscription	4.1	20%

2009 SCORES Box:

Evaluation	Criteria	Results
Strengths	Key differentiators, domain expertise, product portfolio, solution scope	Average
Customers	Customer wins across regions and customer segments, momentum among new and existing customers	Above average
Opportunities	Market opportunities at the vertical and subvertical levels	Average
Risks	Ability to handle internal and external risks and challenges	Average
Ecosystem	Network effects of VA Rs, resellers, SIs and ISV partners, health of ecosystem	Above average
Shares	Market shares, company sales, size, overall market presence	Average
Total	With a 2.6% share in the construction and real estate vertical, Meridian's ability to maintain and win share in the market segment in 2010	Above average

Full overview:

Since its 2006 acquisition by Trimble, a global positioning system pioneer, Meridian Systems has continued to lead the construction and real estate vertical with a suite of applications that deliver productivity gains and tangible results for project stakeholders.

Its two major product lines Proliance and Prolog have been instrumental in helping customers manage an array of infrastructure projects. For example, CB Richard Ellis Group, a major real estate management firm, has become one of its loyal customers. After an extensive evaluation process of Proliance, CBRE selected Proliance for Project Insight in 2008 and recently extended the licensing agreement through April 2012.

Such growing support has resulted in Meridian securing more than 5,000 construction and real-estate companies as customers primarily in North America.

Key Applications for Construction and Real Estate Vertical:

Proliance, Prolog and Prolog Converge

SCORES Analysis

Strengths

With a full line of products that address the plan, build and operate requirements of the construction and real estate management vertical, Meridian has emerged as the standard bearer in the so-called infrastructure lifecycle management applications market.

The plan component stems from the use of Meridian applications to manage project pipelines, site development and entitlements and the build aspect covers the need to track budgets, contracts, changes, schedules, scopes and quality. The operate set of products continue with the tasks of directing asset management, work orders and maintenance management. Because of the extensibility of such products to improve project visibility, Meridian's ILM strategy has also resonated with public sector organizations or anyone involved in large scale construction and asset management projects that require extensive collaboration and constant data exchange among key stakeholders.

The on-premise approach remains a significant part of its business, but on-demand delivery has emerged as an increasingly popular method for its customers to access its applications. In 2009 Meridian announced Prolog Converge, a Web-based project management application that allows project teams to collaborate more efficiently, and provides users with flexibility to choose how they access and manage critical project data.

Its Web-services platform has also been gaining ground in the midmarket where Meridian has been investing heavily to capture a larger share through internal sales force as well as an increasingly sophisticated value reseller partner network that ensures client satisfaction with proven best practices for different segments of the construction and real estate management vertical.

Meridian's product breadth, backed by extensive channel coverage and rich resources of its \$1-billion parent Trimble, has given the vendor a leg up over others by addressing customer pain points from both the volume and the complexity of projects perspectives.

Customers

With more than 5,000 customers and 100,000 users in the vertical, Meridian is helping manage some of the largest infrastructure projects, including more than \$5 billion in ARRA funded infrastructure projects being managed through the GSA Public Building Service, one of its recent reference wins.

Other customer wins included Walt Disney Imagineering, WESTON, Parkland Hospital, Public Building Service, City of Seattle Department of Transportation, and Ada County Highway District.

Opportunities

Meridian has been moving aggressively into infrastructure projects being funded by recent government stimulus dollars as well as emerging markets such as Asia Pacific and Middle East through its resellers. The future may lie in Meridian's ability to capitalize on the global push of its parent Trimble, which increasingly is moving into fast-growing markets such as China.

Environment management and sustainability will also help drive the growth of Meridian as many construction and engineering firms are bulking up their resources to take advantage of such opportunities, especially in retrofitting large portfolios of real-estate properties on behalf of their customers to meet such requirements as LEED-compliance.

Risks

With the advent of Web services targeting the vertical, the barriers to entry for anyone wanting to replicate Meridian's plan/build/operate approach have become less formidable, thusly eroding the vendor's key differentiator.

In 2009 Meridian unveiled Proliance 4.0 designed to make it easier to configure and integrate into popular tools such as Microsoft Outlook. That comes on the heels of the introduction of the Web-based Prolog Converge, which also aims to heighten the usability quotient of Meridian's ILM offerings. What it means is that Meridian is catering to the changing habits of its customers, who are increasingly drawn to easy-to-consume business content and workflow in order to make their lives easier.

Similarly Meridian may have to spruce up its image to accommodate the all-digital lifestyle of its customers when it comes to such trends as social media, always-on mobility and intuitive user interfaces.

Ecosystem

In 2009 Meridian has ratcheted up its channel expansion program by signing up resellers such as

Accordant Co., Advantage Partners, Alliance Solutions Group, CADsoft Consulting, Construction Resources, Constructive Solutions, General Informatics, ProjectAIMS, Project 3 Technologies, Southern Precision and the latest being Bangert Computer Systems, which focuses on architecture, engineering and construction clients in Kansas, Iowa, Missouri and Nebraska.

Increasingly these VARs are instrumental in helping Meridian extend its reach into fast-growing markets where complex infrastructure projects are proliferating. ProjectAIMS in Singapore, for instance, helped Meridian seal a deal with I-Lab Engineering Private Ltd, which has decided to use Prolog applications as a construction project management system of record for a 650,000 square-foot scientific research center.

Shares

With a 1.5% share in the construction and real-estate vertical, Meridian has the potential of leapfrogging its competitors with the help of its parent as well as an extensive reseller network. The question is whether the vendor can successfully transform itself into an on-demand vendor by convincing its customers to make the migration as well.

Meridian's ability to gain share in the near term appears above average given its proven track record as well as the continuous support of many of its blue chip clients.

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