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Many Currents, One Sea.

How **Building Technology Services** are converging into a unified, hyper-sector-centric market landscape.

A STRATEGIC THOUGHT PIECE

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Many Currents, One Sea:
HOW BUILDING TECHNOLOGY SERVICES CONVERGE.

Modern buildings are no longer passive assets. They have become highly integrated technical ecosystems. Heating and cooling respond to occupancy and weather data, access control is enhanced by automated video surveillance, lighting follows presence patterns, lifts are dispatched by algorithms, and fire safety systems feed into central platforms. The building is no longer a collection of components installed and serviced by individual trades. It is a connected system of systems.

Yet the **Building Technology Services (BTS)** market has not mirrored this complexity. Planning, installation and maintenance continue to follow traditional trade boundaries. This creates a structural mismatch. While buildings operate as integrated systems, their planning, installation and maintenance remain fragmented – often requiring painful coordination across multiple providers, technical disciplines and interfaces.

In response to this need, new integrated platform leaders are emerging to reduce complexity for customers and capture an increasing share of value across the BTS market. This creates attractive investment opportunities for investors and asset owners.

In BTS, we expect the emergence of integrated platforms to unfold along three successive consolidation waves. Each wave follows a different logic. Each requires a different playbook. And each creates a distinct opportunity to become a market maker rather than a follower.

THE CURRENTS BEGIN TO CONVERGE.

Today, we see the BTS landscape shaped by eight trades that have largely developed independently of one another.

- **Connectivity** – provides the networks through which the building and its users communicate
- **Conveying systems** – move people and goods throughout the building
- **Electrical installations** – provide the power supply and distribution for all other building technologies
- **Fire protection & safety** – prevents, detects and responds to critical events
- **HVACR** – ensures appropriate temperature, air quality and humidity
- **Lighting** – provides illumination and orientation and supports occupant experience
- **Sanitation** – manages water supply and drainage
- **Surveillance & access control** – manages access and monitors activity

For decades, the separation of these trades has been reinforced by vertical specialisation with limited overlap between them.

That period is coming to an end:

System complexity requires multi-trade integration across software and hardware. The intelligence of a modern building no longer resides in individual components. It is defined by the interaction between field devices, controls and management platforms. Providers that master only one discipline might still install components, but sustainable value is shifting towards those who can deliver, operate and optimise overarching systems.

Decision makers demand a single point of contact with end-to-end accountability. Building owners and operators no longer accept managing multiple contracts, shared responsibilities and the dreadful jungle of service hotlines. When systems interact, ownership cannot be divided. Providers that credibly assume end-to-end accountability will win larger, longer-term and thus higher-value mandates.

Combining complementary capabilities creates compelling economic benefits. Individual trades share more than the same building. They share customers, draw on overlapping talent pools, face similar labour constraints and rely on similar procurement categories, project interfaces, service processes and software requirements. Under one roof, these overlaps translate into tangible advantages. Professional procurement, common systems, structured training, key-account management and shared technical know-how generate synergies and performance uplifts that single-trade operators struggle to replicate.

These forces are pulling the currents towards a single sea: a unified, hyper-sector-centric ecosystem.
The question is no longer whether BTS will converge. The question is how quickly, in what order and most importantly: how to maximise value along the way.

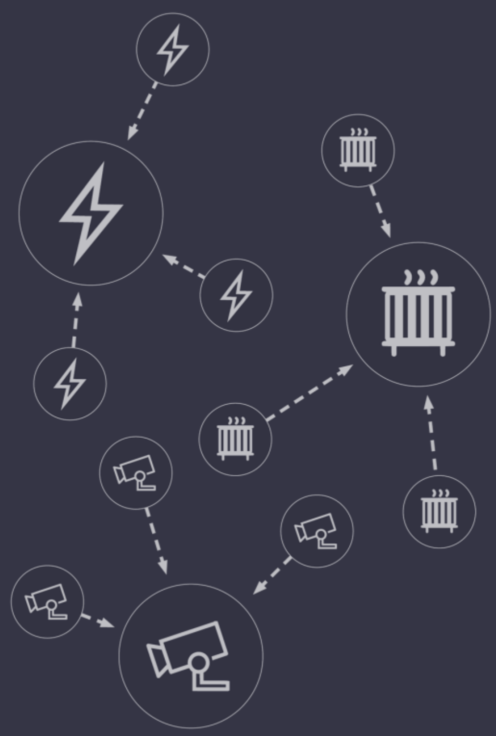
Wave I – Single-trade consolidation.

The first wave is already under way. Its defining boundary is the individual trade.

At its core, Wave I is a **classic horizontal consolidation** movement. Fragmented landscapes of owner-managed businesses provide fertile ground for platform builders to acquire regional champions, professionalise operations and expand geographic coverage. This often represents the natural initial entry point for many investors.

The more consequential route, however, runs along the trade's value chain. **Leading platforms are beginning to integrate specialist planning upstream, installation capabilities at the core and system integration or service organisations downstream.**

A provider that plans, builds, integrates and services from a single source controls customer access, quality and margin across the full lifecycle of its discipline. This directly addresses one of the sector's core inefficiencies: the traditional separation of planning and execution. Details are lost in translation, projects slow down, responsibility shifts between parties, and cost overruns are addressed too late. A vertically integrated trade platform eliminates these interface losses and creates a single point of accountability from day one.



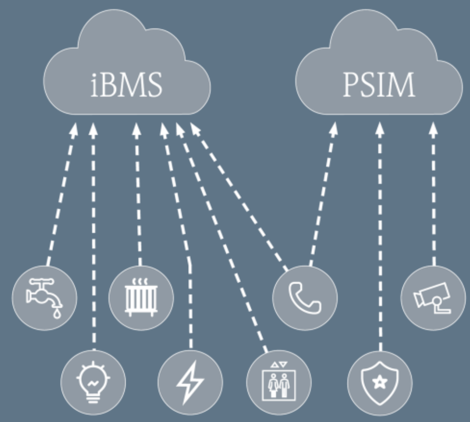
Demographic change provides a powerful acquisition tailwind. Across the German skilled-trade market, a growing number of owner-managed businesses will require succession solutions over the coming years. For disciplined consolidators, this succession gap creates a deep and often proprietary pipeline of acquisition opportunities. Sellers often care as much about continuity, employees and legacy as they do about headline valuation. Well-positioned platforms can therefore secure attractive businesses through bilateral transactions, often on terms that are difficult to achieve in competitive auction processes.
The value creation playbook for Wave I is fundamentally operational. It centres on shared back offices, harmonised processes, pricing excellence, procurement discipline, structured training, integrated ERP systems and professional key-account coverage. None of these levers is revolutionary and the bar for success continues to rise. A thin layer of standardisation and professionalisation no longer constitutes a compelling investment case. Success in Wave I depends on the disciplined execution of genuine operational synergies across an initially fragmented platform.

The risk is equally clear. Acquiring a string of companies does not automatically create a platform. A loose collection of businesses remains a collection. **The difference between a strong Wave I platform and a fragile one is rarely the number of acquisitions. It is the quality of integration.**

Yet even the best-integrated platform remains confined to a single trade. It may have mastered one discipline, but it has not yet captured the value created by integrating multiple trades. That is why the momentum behind Wave II is already building.

Wave II –
Software-driven reorganisation.

The second wave crosses the boundary that defines the first. Where Wave I professionalises individual trades, Wave II integrates them.
Technology, and particularly software, is the key enabler. For decades, proprietary controls, closed protocols and isolated data were held by each trade within its own silo. That constraint is rapidly fading. Open standards, affordable sensors, cloud platforms and advanced analytics now allow systems from different trades to communicate through common software layers and operate as a single ecosystem.



A building's performance no longer depends on the quality of individual systems in isolation, but on how effectively they interact. HVAC responds to occupancy and shapes air quality, lighting mirrors presence and daylight while access control triggers live video surveillance and security. All systems, in turn, increasingly interact, feeding into integrated building management and building security platforms. Fragmented responsibility therefore creates friction, inefficiencies and blind spots that no individual trade can eliminate. In this environment, cross-trade integration is evolving from a differentiator into table stakes – a prerequisite for market leadership.
The market will not converge all at once. It is likely to organise around two software spheres.

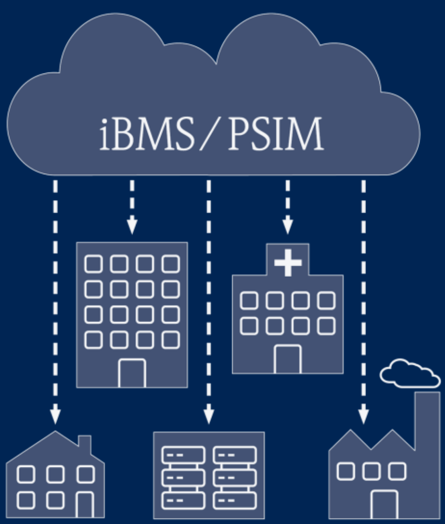
- Intelligent Building Management Software, or iBMS, orchestrates the operational performance of the building. It centres on resource efficiency and comfort, bringing together HVACR, electrical, lighting, sanitation and conveying systems whose value increasingly depends on being monitored, controlled and optimised through a common platform.
- Physical Security Information Management, or PSIM, organises the building's protection and resilience. It focuses on effectiveness, integrating fire protection and safety as well as surveillance and access control around the shared imperative of detecting, verifying and responding to events in real-time.

One trade, however, fits neither sphere because it carries both: **Connectivity**. It provides the digital fabric on which both spheres depend, as virtually all systems in modern buildings are IP-based. Whether they communicate through KNX, BACnet or other protocols, the control signals, sensor data and operational information they generate ultimately converge on the same IP infrastructure. Connectivity is therefore not just another trade. It is the digital backbone that links the operational and protective systems of the building. In doing so, it also lays the foundation for Wave III.

For investors, **Wave II requires a different underwriting mindset.** The task is no longer simply to acquire more of the same. Building a winning platform requires combining installation excellence with software capabilities, field-service culture with product thinking, and trade expertise with data and integration competence. The most attractive targets may no longer resemble traditional trade businesses and will increasingly be defined by integration capabilities, software-enabled service models, recurring-revenue characteristics, data-driven workflows or proprietary system architectures rather than by scale alone.
Talent becomes a strategic moat. People who understand both building technology and software integration remain scarce. Platforms that secure and develop this combination of skills early create a hard-to-replicate advantage and tomorrow's licence to compete, and win.

Wave I rewarded operational discipline. Wave II rewards those that build on that discipline and extend it across multiple technology layers, software platforms, and service models.

Wave III – Sector clustering.



Once the two software-centred spheres mature, they begin to merge. At that point, **competition shifts again from technical disciplines towards end markets**. Successful providers will increasingly organise their entire operating model around the requirements of a single end market rather than around individual technical disciplines. We call them **hyper-sector-centric providers**. They combine operational excellence, software capabilities and deep sector expertise into one integrated offering. Their value propositions are tailored to the specific logic of each sector, whether healthcare, data centres, hospitality, offices, residential buildings or industrial assets.

This is the one-stop-shop model taken to its logical conclusion.

Customers reward providers that understand their operating requirements and take responsibility for the entire technical estate. They measure success against their own operational KPIs rather than by the performance of individual technical trades: A hospital focuses on uptime, patient safety, hygiene, compliance and operational resilience. A data centre prioritises redundancy, cooling performance, energy efficiency and zero tolerance for failure. A production facility depends on asset availability, process stability and worker safety, while a warehouse relies on automation and fire safety. A hotel, meanwhile, values guest experience, comfort, aesthetics and rapid responsiveness.
The winning BTS provider will not simply integrate trades and technologies. It will translate technical complexity into sector-specific outcomes.
Data will reinforce this competitive advantage. A provider that operates integrated systems across a particular sector builds proprietary operational knowledge that becomes a strategic asset in its own right. It enables benchmarking, predictive maintenance, best-practice transfer and new service and commercial models. Over time, the provider does not merely deliver services. **It builds sector intelligence.**

No wave demands more of its participants. Success requires restructuring the entire organisation around the requirements of a single end market and becoming a hyper-sector-centric provider. Few companies will manage this transformation.

Those that do will not merely serve their market.
They will define it.

READING THE WATERS.

For investors and owners, the implication is clear: timing and positioning matter.

Each wave has a different investment logic and requires a different playbook to succeed.

Wave I favours platform builders who can source deals, integrate with discipline and create regional or value-chain density within a trade while realising operational synergies. It is the most accessible entry point, but also the easiest to misread. Scale without integration does not constitute a platform.

Wave II favours investors willing to underwrite capability building. The key question is no longer how many businesses can be acquired, but whether the platform can develop the software, systems and talent required to solve cross-trade problems. This shift is cultural as much as it is technical. It requires a holistic view of hardware and software, the harmonisation of blue-collar and white-collar workforces, and the introduction of as-a-service models alongside traditional project-based business. In this wave, the premium asset may be the one that accelerates convergence rather than the one that appears the cheapest based on yesterday's metrics.

Wave III favours owners with the patience and conviction to build sector champions. The opportunity is larger, but so are the requirements. Competition shifts from winning individual trades to controlling sector-specific ecosystems across all relevant trades. Success requires three capabilities that few providers possess today: Deep customer intimacy to anticipate demand and address sector-specific requirements; an organisation designed around sectors rather than technical trades, combining comprehensive hardware and software expertise; and the ability to convert operational data and domain expertise into differentiated value propositions that no single-trade player can replicate.

There is no single right entry point. But there is a wrong approach: drifting between waves without committing to any of them.

The most common mistake will be applying the playbook of the previous wave to compete in the next. Buying scale when the market rewards capabilities. Optimising operations when customers already demand sector expertise. Treating software as an add-on when it has become the operating system of the building – and a business model in its own right.

RIDING THE WAVES.

Building Technology Services stand at the beginning of a fundamental reorganisation. The direction is being shaped by forces stronger than any individual strategy: customer demand, system complexity and economic logic all point the same way.

What has not yet been determined is who will lead.
BTS is moving from a trade-based market to a hyper-sector-centric platform market. Each wave creates an opportunity to become a market maker: a player that does not merely participate in consolidation but defines its own direction and terms.

Market making requires more than capital and deal flow. It requires a clear investment thesis, the right strategy, and the execution discipline to turn acquisitions into an integrated platform. It also requires boldness: In a converging market, incremental moves cost valuable momentum, while positions available today may be contested tomorrow.
Many currents flow into one sea. One sea has many shores.
The question is not whether to enter the water. It is where, when and with what ambition.

Talk to us about Building Technology Services.

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Eike is Partner and works out of our Düsseldorf office.

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Eike joined us back in 2014, bringing professional experience from different positions in venture capital, strategy and transaction advisory.

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Florian is a Manager and works out of our Düsseldorf office.

He is an experienced Corporate Finance and Strategy professional, specialising in infrastructure and the energy transition. His focus includes transaction support, financial analysis, business model assessment and the development of value creation plans.

Florian joined us as an intern and spent the first two years of his career with us. Thereafter, he broadened his expertise in real estate, construction and renewables from an investor perspective at Generali Real Estate and aream.

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About Rautenberg & Company

Rautenberg & Company advises financial investors and their portfolio companies as well as corporates and medium-sized companies in all phases of a transaction: from initiation and preparation of successful sales processes across their support and implementation to planning and realisation of value creation. The market-leading offer consists of two key components – Strategy and Value Creation advisory and Corporate Finance / M&A advisory, led by a highly experienced and exceptionally competent team.

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