

EXECUTIVE SUMMARY

Webb Analytics 2025 Report Implications for HERM Logic



The 2025 Webb Analytics Deals Report reveals a U.S. roofing and exterior supply chain undergoing **historic consolidation**, **slowing organic growth**, and **intensifying margin pressure** — yet **no innovation** in the most expensive, risky, and inefficient part of the workflow: **rooftop material handling**. This creates a once-in-a-generation opening for HERM Logic to become the **standardized rooftop logistics platform** across a rapidly centralizing industry.



1. Market Structure: Consolidation Without Innovation

- Over **1,800 acquisitions** occurred in 2025 — the highest in history.
- QXO, Home Depot/SRS, and ABC Supply now control **3,300+ combined locations**.
- Greenfield openings are slowing across most categories, except roofing.
- Distributors are expanding footprint, not capability.

Implication for HERM: The industry is centralizing horizontally (more branches) but not vertically (better jobsite logistics). HERM fills the innovation void.

2. Roofing & Exteriors: The Fastest-Growing, Least-Innovated Segment

- **660 roofing facilities** changed hands in 2025.
- Roofing and gypsum accounted for **84% of all acquired facilities**.
- Yet none of the megadeals included jobsite efficiency, safety, or labor-saving innovation.

Implication for HERM: Roofing is the most active segment in M&A — and the most operationally outdated. HERM becomes the first standardized, contractor-owned lift system in a sector desperate for efficiency.

3. Distributor Economics: Margin Pressure Creates Demand for New Value

The report highlights:

- Tightening margins
- Rising SG&A
- Pressure to control pricing
- Need for differentiation in a commoditized market

Implication for HERM: Distributors need new revenue levers and contractor-retention tools. HERM provides both — without requiring distributors to change their core model.

4. Contractor Reality: The Industry's Blind Spot

Despite billions in acquisitions:

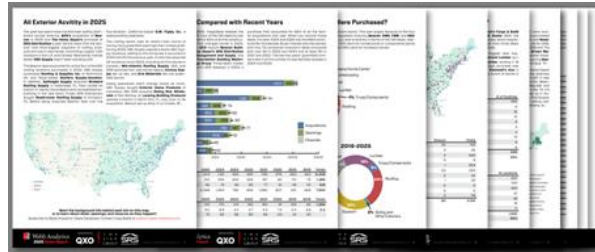
- No investment is flowing into jobsite logistics
- No standardized rooftop handling exists
- Contractors continue absorbing labor shortages, safety risks, and inefficiencies

Implication for HERM: HERM directly solves the industry's most expensive blind spot — the last 30 feet of the supply chain: **ground to roof**.

5. Strategic Opportunity: HERM as the Vertical Innovation Layer

The report shows a market that is:

- Consolidated
- Capitalized
- Operationally stagnant
- Hungry for efficiency
- Lacking contractor-centric solutions



Implication for HERM: HERM becomes the **vertical innovation layer** that plugs into the horizontal expansion of QXO, SRS/Home Depot, and ABC Supply.

WHAT this means for HERM Logic’s U.S. Strategy

A. Underpin U.S. Expansion

- The U.S. market is 20× larger than AU/NZ and structurally unserved.
- Consolidation creates a small number of large partners who can scale HERM nationally.
- Distributors need new tools to differentiate — HERM becomes their competitive edge.

B. Commercialization Pathways

- Contractor-owned equipment leasing (100% financeable under Section 179 / OBBB).
- Distributor-bundled delivery upgrades (“HERM-enabled delivery”).
- Manufacturer partnerships to reduce warranty claims and improve installation quality.
- Software integrations (ServiceTitan, JobTread, Roofr, etc.) to digitize jobsite logistics.

C. Strategic & Tactical Communication to Investors and Partners

Strategic message:

“The U.S. roofing supply chain is consolidating at historic speed, but none of the \$50B+ in acquisitions address the jobsite — where 70% of cost, risk, and delay occur. HERM is the first standardized rooftop logistics platform built for this new era”.

Tactical points:

- HERM reduces labor cost by up to 45%
- Increases jobsite efficiency by 90%
- Eliminates crane-and-crew bottlenecks
- Creates new distributor revenue streams
- Reduces manufacturer warranty claims
- Proven across 900+ rooftops internationally

EXIT NARRATIVE:

“By 2029/2030, HERM becomes a strategic acquisition target for QXO, Home Depot/SRS, ABC Supply, or a major manufacturer — completing the vertical integration they currently lack”.

IN ONE SENTENCE

The Webb Analytics report confirms that the U.S. roofing industry is consolidating rapidly but failing to innovate — creating the perfect conditions for HERM Logic to become the standardized rooftop logistics platform across a \$50B+ market.