

SUPPLY CHAIN

MARKET CONDITIONS

Q1 2025



SourceBlue

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Welcome to SourceBlue's Q1 2025 Supply Chain Market Conditions Report

A Message from SourceBlue Leadership

As we enter 2025, SourceBlue continues to evolve—strengthening our ability to navigate volatility, drive innovation, and deliver results across every region we serve. Our industry is facing a pivotal moment marked by inflationary pressure, shifting labor dynamics, and geopolitical uncertainty. In response, SourceBlue is leaning into its core strengths: market intelligence, technology-driven procurement, regional expertise, and deep supplier relationships.

This quarter's updates reflect how we are adapting and investing. From expanding leadership roles to embedding AI and automation in our sourcing processes, we're positioning our teams and clients for greater visibility, speed, and resilience.

Whether responding to global trade disruption or streamlining bidder list management, our mission remains clear: to simplify the complexity of the supply chain and deliver consistent value to our partners. Thank you for your continued collaboration and trust as we build a better future.

FRANK YOZZO
VICE PRESIDENT, GENERAL MANAGER





LEADERSHIP UPDATES



JOE BARBER
VICE PRESIDENT, NEW BUSINESS



AMY IGNATOSKY
VICE PRESIDENT, OPERATIONS



PURVESH SHAH
VICE PRESIDENT, GLOBAL SOURCING



ROB BENSON
VICE PRESIDENT, CLIENT DIRECT SALES



KEVIN LARINGTON
DIRECTOR, PRECONSTRUCTION



CARLOS TORRES
SR. ENTERPRISE BUSINESS MGR., BUSINESS CENTER 1



JACKIE AGUILAR
SR. ENTERPRISE BUSINESS MGR., BUSINESS CENTER 2



JAY COMPTON
SR. ENTERPRISE BUSINESS MGR., BUSINESS CENTER 3



EDGAR SALAZAR
VICE PRESIDENT, SR. ENTERPRISE BUSINESS MGR., BUSINESS CENTER 4



MIKE MIELCAREK
SR. ENTERPRISE BUSINESS MGR., BUSINESS CENTER 5



STEVE POLICASTRI
IMPLEMENTATION MGR. BUSINESS CENTER 1



SARA GRIMES
IMPLEMENTATION MGR. BUSINESS CENTER 2



KYLE JINKS
IMPLEMENTATION MGR. BUSINESS CENTER 3



JOE NEWTON
IMPLEMENTATION MGR. BUSINESS CENTER 4



JEFF ANDERSON
IMPLEMENTATION MGR. BUSINESS CENTER 5



MARCUS LOTIERZO
PRECONSTRUCTION LEAD BUSINESS CENTER 1



JASON MUNKATCHY
PRECONSTRUCTION LEAD BUSINESS CENTER 1



SIMONA RODRIGUES
PRECONSTRUCTION LEAD BUSINESS CENTER 2



ANN ROACH
PRECONSTRUCTION LEAD BUSINESS CENTER 3



ERICA HOYLE
PRECONSTRUCTION LEAD BUSINESS CENTER 4



DANIEL SISTRUNK
PRECONSTRUCTION LEAD BUSINESS CENTER 5



We understand the critical role the supply chain plays in construction. To better align with evolving project demands and support our clients around the globe, we've made strategic internal changes that give our team greater agility and responsiveness throughout the project lifecycle

SENIOR LEADERSHIP

JOE BARBER, VICE PRESIDENT, NEW BUSINESS

In this new role, Joe will be SourceBlue's sales leader, bringing supply chain market leadership and positioning SourceBlue to capitalize on new opportunities at home and internationally. He will lead the team to grow our core business, client direct, national accounts, market segments and global.

AMY IGNATOSKY, VICE PRESIDENT, OPERATIONS

In this role, Amy will lead SourceBlue's operations, including leadership of the Senior Enterprise Business Managers. She will enhance operational excellence, including performance and delivery, standardization and training, and resourcing to match the growth and financial goals of the company.

PURVESH SHAH, VICE PRESIDENT, GLOBAL SOURCING

In this new role, Purvesh will develop and lead strategic sourcing of mechanical and electrical equipment and architectural materials globally. Purvesh holds a M.S., Industrial Engineering from Texas A&M University and brings more than 20 years of industry experience in both large and small companies focused on sourcing and supply chain.

ROB BENSON, VICE PRESIDENT, CLIENT DIRECT SALES

In this new role, Rob will develop and lead the efforts for SourceBlue to pursue client direct sales for future growth. Rob holds a Bachelor of Science in Electrical Engineering from the University of South Florida. He brings more than 20 years of industry experience in both large and small companies focused on sales and operations.

KEVIN LARINGTON, DIRECTOR, PRECONSTRUCTION

In this role, Kevin will oversee the strategic direction of SourceBlue's Preconstruction efforts, with a focus on advancing enterprise-wide consistency, strengthening data governance, and enabling scalable growth. His leadership will be instrumental in aligning preconstruction practices with SourceBlue's broader vision for operational excellence.

BUSINESS CENTER UPDATES

BUSINESS CENTER 1

- Carlos Torres - Senior Enterprise Business Manager
- Steve Policastri - Implementation Manager
- Marcus Lotierzo and Jason Munkatchy - Preconstruction Leads

BUSINESS CENTER 2

- Jackie Aguilar - Senior Enterprise Business Manager
- Sara Grimes - Implementation Manager
- Simona Rodrigues - Preconstruction Lead

BUSINESS CENTER 3

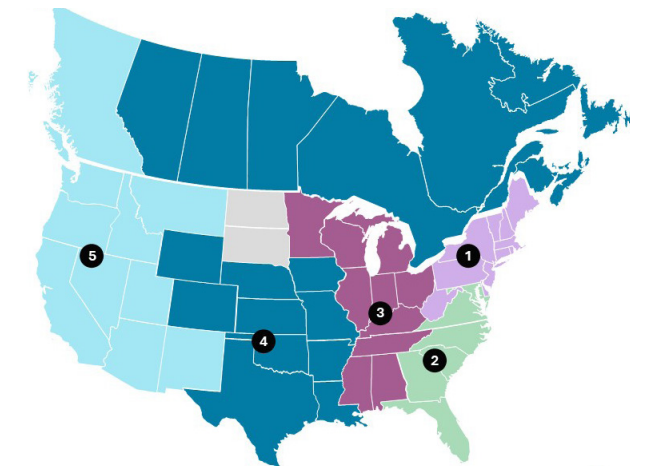
- Jay Compton - Senior Enterprise Business Manager
- Kyle Jinks - Implementation Manager
- Ann Roach - Preconstruction Lead

BUSINESS CENTER 4

- Edgar Salazar - Senior Enterprise Business Manager
- Joe Newton - Implementation Manager
- Erica Hoyle - Preconstruction Lead

BUSINESS CENTER 5

- Mike Mielcarek - Senior Enterprise Business Manager
- Jeff Anderson - Implementation Manager
- Daniel Sistrunk - Preconstruction Lead



Senior Enterprise Business Managers - Enabling Strategic Supply Chain Execution

Implementation Managers - Driving Alignment and Delivery Excellence

Preconstruction Leads - Standardizing and Elevating Upfront Engagement



MEP EQUIPMENT COST INDEX

THE MEP COST INDEX IS HOLDING AT 212 FOR Q1 2025

Year to date industry data for 2025 versus the same time in 2024 shows electrical equipment orders increased (+2.2%) and shipments also increased (+1.0%). For the same timeframe, mechanical equipment orders increased (+19.6%) and shipments increased (+22.5%).

NEW TECHNOLOGIES

The data center market continues to ramp up with demand and Cooling Distribution Units (CDUs) are the new way to cool high density, heat intensive AI applications. Many vendors not typically in the space have started offering a version of these units. Lead times will increase significantly in the next couple of quarters. Most of the major players are sitting around 25 weeks currently.

ESTIMATED EQUIPMENT LEAD TIMES

Equipment	Previous	Current	↗ ↘ ↔
Cooling Towers	14 - 28 wks	14 - 30 wks	↗
Chillers	20 - 85 wks	20 - 85 wks	↔
AHU	20 - 50 wks	16 - 50 wks	↘
Generators	50 - 140 wks	40 - 130 wks	↘
Switchgear	45 - 90 wks	45 - 90 wks	↔
UPS	30 - 48 wks	30 - 42 wks	↘
Lighting Fixtures	10 - 16 wks	10 - 16 wks	↔
Lighting Controls	12 - 26 wks	12 - 26 wks	↔

YEAR	AVG. INDEX	% INCREASE
2025	212	3.9%
2024	209	2.4%
2023	204	10.4%
2022	185	15.1%
2021	161	10.3%
2020	145	2.8%
2019	142	3.0%
2018	138	3.8%
2017	133	3.0%
2016	129	1.5%
2015	127	1.0%
2014	126	2.0%
2013	124	2.5%
2012	121	3.5%
2011	117	2.5%
2010	114	-4.5%
2004	100	Base Year

This index is created using the average content of mechanical and electrical equipment on a new construction project. Historic records and interpretations of the national index for local market conditions may be obtained by contacting: Purvesh Shah, VP of Global Sourcing, pshah@sourceblue.com

TARIFF IMPACTS

Prices have increased and are expected to continue rising throughout the industry in part to deal with the current dynamic trade negotiations in the global market. Preemptive decisions from suppliers in areas like Europe have started to affect transit times and container prices. We expect this uncertainty to continue for the next couple of quarters.

SOURCEBLUE'S RISK MITIGATION STRATEGIES IN A VOLATILE MARKET

ORDER & BID PROTECTION:

Protecting orders, bids, and projects with firm pricing contracts, strong contract management, proactive risk assessment, and early supplier engagement.

SUPPLY CHAIN ADAPTATION:

Anticipate market challenges like tariffs by engaging suppliers early to increase local sourcing and optimize global manufacturing. Our robust network of world-class OEMs and distributors provide us with direct and immediate insight into impacts.

TARIFF ENGINEERING:

Offering strategies and solutions to mitigate tariffs, such as product modifications, component breakdowns, and repackaging.



SourceBlue's strong relationships provide us insight and market information to forecast equipment costs. These forecasts are validated annually through our aggregated purchasing to determine this cost index. The ability to accurately forecast cost increases and connect them with supply and demand from vendor market is how we mitigate supply chain challenges. This report outlines Y/Y costs changes as well as supply and demand data directly from our vendor partners.



NAVIGATING A VOLATILE MARKET

Supply Chain Management

Navigating a Volatile Market

We are witnessing widespread price increases and lead time disruptions throughout the supply chain, driven by dynamic negotiations and geopolitical shifts in today's global trade environment. While market uncertainty remains high, we expect these impacts to persist over the coming quarters.

SourceBlue is observing notable effects in critical product categories under our management, including mechanical systems, electrical equipment, lighting, finished goods, and specialty items. Projects that rely on international manufacturing or just-in-time delivery are especially vulnerable, with procurement cycles becoming increasingly difficult to predict and more prone to disruption.

In this environment, traditional procurement models are no longer sufficient. Project teams must make sourcing and purchasing decisions earlier and embrace diversified supply chain strategies. Resilience is no longer optional—it is essential to maintaining project performance and protecting schedules, budgets, and product quality.

SourceBlue

Our Strengths

SourceBlue possesses the expertise and infrastructure necessary to navigate today's volatile market with confidence. By leveraging strong industry relationships and real-time data insights, we deliver agility, risk mitigation, and cost efficiency across the supply chain. Our proactive sourcing strategies and end-to-end visibility help clients to stay ahead of disruptions, maintain project timelines, and adapt quickly to market shifts.

- 01. ROBUST SUPPLY CHAIN PROCESSES**
Expertise in MEP products, construction, and global supply chains.
- 02. STRATEGIC PARTNERSHIPS**
Strong relationships with top-tier OEMs and distributors with global manufacturing footprints.
- 03. COMPETITIVE ADVANTAGE**
Efficient cost transparency, faster turnaround, and reliable execution.



SourceBlue

Risk Mitigation Strategies

ORDER & BID PROTECTION

Protecting orders, bids, and projects with firm pricing agreements, disciplined contract management, proactive risk assessment, and early supplier engagement.

SUPPLY CHAIN ADAPTATION

Anticipate market challenges - such as tariffs - by engaging suppliers early to increase local sourcing and optimize global manufacturing.

TARIFF ENGINEERING

Offering strategies to mitigate tariffs, such as product modifications, component breakdowns, and repackaging solutions.

PROCUREMENT TECHNOLOGY

At SourceBlue, we're leveraging technology, AI and data to drive the future of procurement. By embracing automation, real-time analytics, and system integrations, we're creating a more efficient, transparent, and agile supply chain. These innovations help us strengthen supplier relationships, optimize decision-making, mitigate risk, and build a procurement process that's ready for the challenges of tomorrow.



Stephanie is a Senior Procurement Agent at SourceBlue, where she has spent the last four years focused on building smarter, more efficient procurement strategies. Prior to that, Stephanie spent eight years in Turner's New York Business Unit, gaining hands-on field experience and a deep understanding of operations. That foundation gives her a practical, hands-on perspective that informs how she approaches procurement and process improvement.

With a strong grasp of both project execution and vendor collaboration, Stephanie is passionate about leveraging data and automation to streamline workflows, reduce risk, and strengthen supplier relationships, always with an eye on the bigger picture and solutions that actually work in the real world.

STEPHANIE PIRRONE
Senior Procurement Agent
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APRIL 2025

SUPPLY CHAIN INSIGHTS

The world of supply chain management is constantly evolving, and at SourceBlue, we stay ahead of the curve. By tapping into data analytics, automation, and the future potential of AI, we're making our procurement processes smoother, smarter, and more efficient. The goal is to improve supplier evaluations, streamline operations, and make collaboration across our teams effortless.

SMARTER SUPPLIER ASSESSMENTS WITH DATA-DRIVEN INSIGHTS

Tracking contract details isn't just about record-keeping, it's about making better overall decisions for the company. By analyzing five years' worth of data along with the Supply Chain Subject Matter Experts' efforts in their Quarterly Business Reviews and strategic factory visits, SourceBlue can see supplier performance trends, spending patterns, and overall vendor reliability.

With our current analytics and the integration of AI, we aim to enhance our ability to identify potential supply chain disruptions before they happen, allowing our teams to mitigate risks and be proactive.

With these insights, we help our regional and strategic sourcing teams make strategic calls about supplier relationships, costs, risk mitigation, and contract negotiations. In short, better data that can be enhanced by AI in the future, means informed decisions and stronger partnerships.

AUTOMATION & AI: KEEPING EVERYTHING FLOWING SEAMLESSLY

While some manual data entry is unavoidable, automation is transforming the way we manage procurement. By automating routine tasks, we are able to keep information moving in real-time so everyone within SourceBlue stays informed on all procurement processes, from current purchase orders to supplier prequalification and bidder list submissions.

Looking ahead, we are also in the process of exploring how AI can further optimize our workflows by identifying patterns in procurement data, minimizing and eliminating manual data entry, flagging potential risks, and even suggesting process improvements along the way. AI-powered automation has the potential to make our operations even more agile, reducing manual effort while increasing efficiency and accuracy.

REAL-TIME DASHBOARDS: TRANSPARENCY & INFORMED DECISIONS

Data is only as powerful as the insights we draw from it. To ensure we always have a clear picture of our procurement landscape, SourceBlue has implemented real-time dashboards that provide instant access to essential information. These dashboards allow us to monitor contract updates, prequalification's, and bidder list submissions in one central location. With a centralized and dynamic view of our procurement data, we can ensure that decisions are backed by real-time information, keeping our supply chain agile and resilient while maintaining compliance with procurement policies.

Looking ahead across the company, the implementation of AI has the potential to take our data analysis to the next level. By leveraging AI-driven insights, we'll be able to analyze spending trends, make more strategic award decisions, and strengthen our vendor relationships. The goal is to work smarter, identify opportunities faster, and enhance collaboration with both suppliers and clients in a way that adds real value.

SIMPLIFYING BIDDER LIST MANAGEMENT

Managing a bidders list can be a complex process, but with the right tools and systems in place, it doesn't have to be. By integrating our existing technologies, we have been able to streamline the review, processing, and management of bidders, ensuring that any listed bidder has been prequalified and approved to be included in the bid. SourceBlue collaborates with the Supply Chain Subject Matter Experts to collectively review and respond to bidder list submissions in a streamlined and timely manner.

A key focus of our approach is risk mitigation. By staying ahead of large awards, monitoring submissions, and ensuring compliance with internal and external procurement policies, we can maintain operational integrity. This streamlined approach not only enhances efficiency, fosters transparency and collaboration across teams, and ensures that procurement decisions are made with confidence.



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