

WHITE PAPER

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Navigating the Rise of Construction Systems:

Challenges and Opportunities for Building Material Manufacturers



The construction industry is experiencing a pivotal transformation, driven by the increasing adoption of **construction systems, offsite construction methods, and prefabrication techniques**. While often used interchangeably, these terms represent distinct but related approaches that collectively aim to enhance efficiency, quality, and sustainability in construction.

01

Construction Systems

encompass integrated methods combining materials, techniques, and designs to deliver ready-to-use building solutions.

02

Offsite Construction

involves fabricating components in controlled environments, boosting precision and reducing on-site inefficiencies.

03

Prefabrication, a

broader term, covers any preassembly process for building components, whether on-site or offsite.

These methods share common objectives: optimizing labor, addressing environmental challenges, and reducing project timelines. Yet, their nuances carry implications for strategic decisions, particularly for building material manufacturers.

The Manufacturer's Dilemma: Risk or Opportunity?

The surge in construction systems presents building material manufacturers with a crossroads: should they embrace this trend as an opportunity or safeguard against potential risks? The answer lies in aligning with market dynamics and organizational goals.

01. Component Supplier vs. System Holder:

- As a **component supplier**, a manufacturer maintains focus on a single product within a larger system, limiting risk but also market influence.
- Transitioning to a **system holder** allows a company to integrate multiple elements into a cohesive solution. For instance, some actors expanded beyond flat roof membranes to offer comprehensive flat roof systems, enabling customers to meet regulatory and performance needs more efficiently while offering a one-stop-shop advantage.

02. Integrated Systems vs. Bundled Offers:

- **Integrated Systems:** Mechanically unified solutions like BIPV (Building Integrated Photovoltaics) provide seamless performance, where components are interdependent and delivered as a single package.
- **Bundled Offers:** Complementary components grouped for convenience but lacking mechanical integration, serving more as a marketing strategy than a cohesive construction method.

Each path offers unique risks and benefits, from supply chain complexity and market positioning to profitability and customer perception.

Factors Influencing Strategic Decisions

Manufacturers considering a shift toward system ownership must evaluate a variety of factors, including:

- **Market Structure and Value Chain:**
In regions where distributors play a dominant role, bypassing them to deliver integrated systems directly to customers may disrupt established relationships. Scandinavia region, for example, tend to have consolidated distribution network with significant market power.
- **Regulation and Market Complexity:**
As markets mature and regulations grow more stringent, system adoption becomes increasingly attractive. Customers benefit from simplified compliance and reduced decision-making complexity when choosing integrated solutions.
- **Organizational Capabilities:**
Transitioning to a system holder demands cross-selling skills, team training, and, in some cases, hybrid installation teams. These investments are essential to deliver on the promise of integrated solutions.
- **Innovation and Digitalization:**
Leveraging BIM (Building Information Modeling) and other digital tools is critical for designing high-performance systems. These technologies ensure compatibility across components and reduce performance distortions during installation.



The Path Forward: Tailored Strategies for Success

While the growing prevalence of construction systems offers clear opportunities, there is no one-size-fits-all solution. Each manufacturer must assess its position in the value chain, the added value of its products, and its ability to meet end-user needs effectively.

The shift to integrated systems is further fueled by industry trends such as labor shortages, increasingly complex regulations, and rising demand for sustainable construction solutions. Those who adapt strategically can achieve:

- **Higher Margins:** Owning a system often translates to increased profitability across components.
- **Market Influence:** Integrated solutions enhance project competitiveness and customer loyalty.
- **Streamlined Processes:** Simplified compliance and end-to-end solutions reduce complexity for customers.

Manufacturers who delay risk losing relevance in a rapidly evolving industry. By aligning products, market strategies, and organizational capabilities, they can capitalize on this pivotal shift in construction practices.

Authored by:

Marco Meijide Fernandez



MANAGING DIRECTOR | MARKET INTELLIGENCE

mfernandez@duckercarlisle.com

Marco is a Director at Ducker Carlisle, where he leads the Market Intelligence and Transaction Advisory team for the EMEA region. Marco holds a bachelor's degree in law and finance from A Coruña, Spain, and a graduate degree in business management at the European School of Management, ESCP-EAP, in Paris and London. Prior to Ducker Carlisle, Marco was a junior consultant at Capgemini in Paris. Marco has since accumulated over 15 years of solid experience in the construction, building, and infrastructure industries. He has cultivated a robust track record of successfully leading multi-country projects in market intelligence and advisory services at Ducker Carlisle, catering to corporate clients and investment groups. Marco, a Spanish citizen, is fluent in French, English, and Spanish.

Partner with Ducker Carlisle

At Ducker Carlisle, we bring over 30 years of expertise in helping building material manufacturers in Europe to navigate industry transformations. Our research and consulting capabilities empower clients to assess their unique challenges, craft strategic roadmaps, and capitalize on emerging opportunities.

Connect with us to explore how your organization can thrive in the era of construction systems.



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NORTH AMERICA

Troy, Michigan | Global Headquarters
+1.800.929.0086

Boston, Massachusetts
+1.800.929.0086

EUROPE

Paris, France | European Headquarters
+33.1.46.99.59.60

Berlin, Germany
+49.30.92.10.16.61

London, United Kingdom
+33.1.46.99.59.60

ASIA - PACIFIC

Bengaluru, India
+91.80.4914.7400

Shanghai, China
+86.21.6443.2700