

# M&A Evaluation Report

Openspace

<https://www.openspace.ai/>

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## RECOMMENDATION

' **PROCEED**

## EXECUTIVE SUMMARY

Openspace demonstrates significant potential as an acquisition target within the construction technology sector, primarily due to its innovative Visual Intelligence Platform which combines real-time insights with advanced data capture techniques. The company's products, including OpenSpace Capture, OpenSpace Air, and OpenSpace BIM+, promote operational efficiencies and tangible ROI for construction stakeholders, ultimately enhancing project management capabilities. Additionally, Openspace has established a strong market presence across 124 countries, further solidifying its appeal in a competitive landscape ripe for technological disruption.

However, while the company offers a compelling value proposition, potential acquirers must remain cognizant of market competition and the inherent risks tied to economic fluctuations within the construction sector. The commitment to continued innovation and strategic partnerships will be critical in ensuring sustainable growth and maintaining operational efficiency. Overall, Openspace presents a strategic opportunity for organizations looking to enhance their technological capabilities in construction management and analytics, warranting a recommendation to proceed with the acquisition.





### **Company Overview**

Openspace operates as a Visual Intelligence Platform targeting the construction industry, offering services that capture site imagery and transform it into actionable insights for improved project management. Their innovative solutions leverage advanced technologies including AI, drones, and 360-degree cameras to improve decision-making processes across project lifecycles.

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### **Business Model and Revenue Stream Analysis**

Openspace primarily follows a Software as a Service (SaaS) model, enabling clients to subscribe for access to their platform with recurring revenue potential. Integration with existing tools like Procore enhances its value proposition. The diverse client base across 124 countries provides scalability and mitigates regional economic risks.

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### **Financial Metrics and Performance Indicators**

Key performance indicators indicate significant operational impact, such as accelerated project delivery, cost reductions, enhanced documentation efficiency, and measurable client ROI. Openspace has captured 52 billion square feet of construction space across a broad geographical footprint, demonstrating its market penetration.

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### **Market Trends and Growth Potential**

The growing adoption of digital tools within the construction industry creates favorable conditions for Openspace's offerings. Trends towards increased transparency and efficiency align with Openspace's capabilities, highlighting the company's strong potential for future growth. Strategic partnerships and product development initiatives can further enhance market position.

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### **Risks and Considerations**

Despite strong performance metrics, Openspace faces challenges within a competitive market characterized by rapid innovation and technological advancement. Economic downturns could impact the construction sector adversely, requiring careful monitoring. Additionally, sustaining a skilled workforce and customer adoption remain pivotal for future successes.

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### **Operational Efficiency and HR Considerations**

Openspace showcases operational scalability through its diverse product lineup and integration capabilities. However, human capital management and the company culture will require close attention, particularly in the event of an M&A to maximize employee retention and minimize disruption.





## Financial Analyst

### ### Financial Analysis of Openspace for M&A Due Diligence

#### #### Company Overview

Openspace operates as a Visual Intelligence Platform primarily targeting the construction industry. Their services include capturing site imagery through various means (smartphones, drones, 360° cameras) and translating this data into actionable insights aimed at improving project delivery, documenting site progress, and ensuring seamless project management across stakeholders. Their positioning as an AI-driven innovation player suggests alignment with trends in digital transformation within the construction sector.

#### #### Business Model and Revenue Streams

1. **Software as a Service (SaaS)**: Openspace likely operates on a subscription basis, providing clients with cloud-based access to their software platform. This model encourages recurring revenue which can be valuable during M&A analysis due to its predictability and scalability.
2. **Integration with Existing Tools**: The ability to integrate with tools such as Procore enhances its value proposition and may drive user retention.
3. **Client Base**: Openspace claims to have clients in 124 countries, which suggests a diversified geographical footprint that can mitigate risks associated with economic downturns in specific regions. Their mention of "small to enterprise-level clients" indicates scalable solutions appealing to various market sizes.

#### #### Financial Metrics and Key Performance Indicators (KPIs)

- **Market Penetration**: With 52 billion square feet captured, Openspace demonstrates substantial market engagement and effectiveness in its services, likely translating to significant data analytics capabilities.
- **ROI Metrics from Case Studies**:
  - **1 Month Acceleration in Project Delivery** implies a quantifiable return that may appeal to potential buyers, particularly those interested in reducing timelines.
  - **Cost Efficiency**: 50% reduction in travel costs, 20% reduction in scheduling delays, and \$10K avoided

## Market & Business Strategist

### ### Market Position Analysis of OpenSpace

#### #### 1. Overview of OpenSpace

OpenSpace positions itself as a leader in the construction technology sector by offering a suite of products under its "Visual Intelligence Platform." The platform emphasizes real-time insights derived from imagery captured via various tools, such as smartphones, drones, 360° cameras, and laser scanners. With a focus on actionable intelligence, OpenSpace aims to improve decision-making processes across the construction project lifecycle.

#### #### 2. Key Offerings

- **OpenSpace Capture**: A comprehensive visual record of construction sites that enhances transparency and documentation.
- **OpenSpace Air**: A drone imagery management tool that simplifies aerial data collection and analysis.
- **OpenSpace BIM+**: Tools that streamline tasks in the field with a focus on Building Information Modeling (BIM).
- **OpenSpace Progress Tracking**: A solution designed for reliable and flexible tracking of project progress.

These offerings showcase the company's commitment to innovation and its capability to address common industry pain points, such as delays, cost overruns, and lack of transparency.

#### #### 3. Market Dynamics







1. **Target Market:** Contech Advisor - AI-Powered M&A Evaluation
- **General Contractors:** Seeking clarity and improved efficiency on-site operations.
  - **Trades:** Desiring connectivity and quality assurance throughout the construction process.
  - **Project Owners:** Aiming for oversight and control across the building lifecycle.

OpenSpace's targeting strategy focuses on stakeholders who directly benefit from enhanced visibility, which is a critical need in construction management.

2. **Competitive Landscape:**

OpenSpace faces competition from other construction technology firms offering similar visual documentation and management solutions. Competitors may include companies like PlanGrid (now part of Autodesk), Procore, and other smaller niche players. However, OpenSpace's emphasis on integrating AI with visual

## Commercial Operations

### Analysis of Openspace: Go-To-Market Functions and Revenue Potential

#### Overview

Openspace is a visual intelligence platform tailored for the construction industry, enabling builders to capture, visualize, and manage projects more effectively through a range of advanced tools such as AI-powered workflows, drone imagery, and BIM integrations. They emphasize delivering real-time insights from the field, addressing common pain points in construction management.

#### Revenue Generation Assessment

1. **Product Range and Target Markets:**

- Openspace's product suite includes OpenSpace Capture, OpenSpace Air, OpenSpace BIM+, and OpenSpace Progress Tracking. This diverse offering allows them to cater to various stakeholders in the construction industry: general contractors, trades, and project owners.
- Each product seems to provide a specific solution that addresses critical issues in construction (e.g., site documentation, project management, quality control), allowing Openspace to capture a broad market.

2. **Value Proposition and ROI:**

- The company's marketing emphasizes measurable ROI, including accelerated project delivery (1 month), significant reductions in travel costs (50%), and avoidance of rework (up to \$10K). These figures are compelling and bolster the business case for potential customers, suggesting that they can save considerable time and money, which is crucial for decision-makers in construction projects.
- Customer success stories will be a valuable asset in their sales process, as they provide tangible proof of the platform's effectiveness and potential cost savings.

3. **Market Position and Integration:**

- Openspace positions itself as a leader with "AI-powered workflows" that get smarter with usage, indicating a continuous improvement in service quality and value over time.
- The integration with existing tools (such as Procore) represents a strategic advantage, enhancing user experience by fitting into the current workflow.

## Technology & Product

### Technical Due Diligence Analysis of OpenSpace

**1. Overview of Technology and Product Offerings:**

OpenSpace operates a Visual Intelligence Platform tailored for the construction industry. The platform leverages cutting-edge technologies such as AI, drone imagery, and various data capture methods (like smartphones and 360-degree cameras) to deliver real-time insights across project lifecycles. Its product suite includes:

- **OpenSpace Capture:** Facilitates the creation of a complete visual record of construction projects.
- **OpenSpace Air:** An all-in-one tool for managing drone imagery effectively.
- **OpenSpace BIM+:** Provides 3D tools that streamline field tasks.





- **OpenSpace Progress Tracking:** A flexible solution for monitoring project progress, offering a clear and concise M&A Evaluation

## **\*\*2. Quality of Technology:\*\***

- **Innovative Use of AI:** OpenSpace's integration of AI-powered workflows indicates a strong commitment to enhancing operational efficiency and improving project outcomes. The technology allows for intelligent data processing and visualization, a significant advantage in the traditionally inefficient construction industry.

- **User-Friendly Experience:** The platform's ability to integrate seamlessly with existing tools used by construction teams (e.g., Procore) suggests a design focused on improving user experience. Furthermore, users can add insights through voice commands, making it accessible even to non-technical staff.

- **Scalability of the Solution:** OpenSpace's methodology for capturing data through various devices means it can be employed easily on job sites of varying scales. Its flexibility ensures adaptability to diverse project needs, permitting the platform to scale from small to large enterprises effectively.

## **\*\*3. Scalability of Technology:\*\***

- **Global Reach and Adoption:** OpenSpace claims to have captured over 52 billion square feet of construction space across 124 countries, indicating strong penetration and acceptance in the global construction market

# **HR & Operations**

## **### Operational Efficiency Analysis for Openspace**

### **#### Introduction**

Openspace operates in the construction technology space, specifically focusing on providing Visual Intelligence solutions to enhance project visibility and decision-making for builders. This analysis examines Openspace's scalability, organizational structure, and human capital risk within the context of a potential M&A. Our goal is to determine Openspace's ability to execute and expand its operations effectively.

### **#### Organizational Structure**

#### **1. Product Offering Clarity:**

- Openspace's platform leverages multiple technologies (e.g., AI, drone imagery, 3D modeling) to deliver a cohesive solution for builders. This diverse range of products, including OpenSpace Capture, OpenSpace Air, OpenSpace BIM+, and OpenSpace Progress Tracking, indicates a clear understanding of customer needs across various segments of the construction industry.

#### **2. Market Differentiation:**

- By integrating AI with existing construction processes and tools, Openspace differentiates itself from traditional construction management software. The ability to provide real-time insights can significantly enhance operational productivity, making the value proposition compelling for potential clients.

#### **3. Scalability:**

- The platform's ability to cater to different stakeholders (general contractors, trades, owners) suggests a scalable business model. The various applications of their technology across project stages postulate potential for robust market penetration, particularly in industries facing efficiency challenges.

### **#### Execution Capability**

#### **1. Integration and Workflow Efficiency:**

- Openspace's products are designed to integrate seamlessly with existing workflows, as highlighted in case studies such as the collaboration with MAPP Construction utilizing Procore. This suggests an operational philosophy inclined toward reducing friction in project execution, enabling teams to work cohesively and enhancing o



