

Mercator AI brings competitive intelligence to construction industry

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Chloe Smith wants to equip the construction industry with tools to harness data that can help them win more business in a sector that isn't known for tapping algorithms to get a leg up.

Her company, Mercator AI, is a real-time construction intelligence startup that uses AI to mine and analyze millions of data points across the construction process to identify early leads for general contractors on the hunt for their next construction project.

"We can detect early movement on construction projects well before the bidding process," says Chloe, CEO, who co-founded Mercator AI with Hogan Lee, the company's chief operating officer.

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Mercator AI gives construction companies the ability to have an eagle-eyed view on everything that is happening in both the private and public, commercial, and industrial, construction market without having to curate or build up a network.

"The problem we uncovered in the construction industry was that unless the work is already in your network, or the spend is already happening with you, business development teams for general contractors, engineering firms and building product manufacturers don't necessarily have a line of sight on projects they aren't already a part of or not already working with on other projects," says Chloe.

Clients use the tool for competitive intelligence, client monitoring and finding opportunities they would otherwise miss out on because they don't know about them early enough to act.

And the business has garnered serious interest from investors in a short amount of time. In January, Mercator AI completed US\$3.75 million in seed financing.

In fact the company successfully oversubscribed its seed round to accelerate growth. Freestyle Ventures and Builders VC co-led the financing, bringing Mercator AI's total raised to US\$4.46 million since its inception in October 2020.

The newly-completed seed round also saw support from a consortium of other high-profile investors, including StandUp Ventures and Zacua Ventures, with participation from The51, and Dustin DeVan (former CEO of Building Connected), alongside other notable angel investors.

The funding will also allow Mercator AI to grow its team and accelerate the development of its platform to refine its current early project detection offering. Furthermore, Mercator AI plans to broaden its solutions to business development, operations, and marketing professionals across construction, real-estate, and manufacturing.

Over the next 24 months, Mercator AI will accelerate the development of their early project detection tool to support pre-construction teams with macro industry insights, competitive intelligence, and client monitoring tools.

Informing general contractors with AI

While she comes from a construction family, Chloe's background is in marketing and advertising. It was while working in a senior role for a large global advertising agency that she gained experience building out rapid intelligence tools. It's that experience that helped spark the idea to explore the idea for the underserved construction sector.

"We saw an opportunity to create a new category in construction, specifically around industry intelligence, bringing that bird's eye view knowledge of who's doing what with who, where and why and for how much to the construction space," she explains.

Product build-out

Chloe and Hogan incorporated the business in October 2020 but didn't build their product until they launched their minimum viable product in December 2021.

"Building that product really drove us to the need to fund raise," she says. "We saw we were

getting good initial traction but to build a tool like this requires a bit of funding – especially because we're not building a point solution; users can come directly to our platform and start exploring new opportunities today."

Chloe and Hogan didn't know how to fundraise so spoke with a lot of portfolio companies to better understand what it was like to work with their investors. That snowballed into what she calls "some incredible angel relationships" with people in the construction tech data space.

On June 27, 2022, Mercator AI announced it had completed its \$1 million pre-seed financing round which was led by StandUp Ventures with participation from The51 – both funders that have a specific goal to support women founders. With that financing, Mercator's plan was to expand its team and move into key markets across Canada and in the United States.

"I am so impressed that we ended up in our pre-seed round with 40 per cent of our investors as women," she says. "We had been nurturing a relationship with StandUp Ventures since November 2021, and two of their portfolio companies had invested in us, so that really sealed the deal with Michelle (McBane) and Lucas (Perlman) and the team at StandUp. I couldn't have asked for better partners, especially at that early stage."

Working with Osler

Well before they even had a product to showcase or before they knew they were focusing on the construction industry, Chloe and Hogan were looking for legal counsel and polling their network for recommendations when a friend who was also part of Osler's Emerging and High Growth Companies Group's program recommended the EHG team. They were connected to Michael Grantmyre, partner in Osler's EHG practice in Calgary.

"I didn't expect to find what we found with Osler," she says. "I didn't expect to get an advisor or friend out of this. The journey with Osler has been serendipitous and we owe a lot of our success to the fact we've had Michael in our corner. Early on we realized Osler was going to be our partner in this."

Goals for 2023

This year, Mercator AI is on a fast track to hiring a larger team.

"We are growing from six people to 18 and the main objective is to drive value in the markets we are in across Canada and the United States – Calgary, Edmonton, Vancouver, Toronto, San Francisco, Los Angeles and Austin," says Chloe.

"We are really focused on driving high value to our customers today and understanding what our product growth is going to look like as we shift to being something that is more self-serve and increasing our customer base."

The goal is to drive towards \$1 million in annual recurring revenue by the end of this year.

Advice to other founders

Chloe offers this advice to founders right now:

- Build good relationships and establish good communications with investors.

"People want to invest in companies they believe in and that they feel comfortable with. Start early and reach out to investors even if you're not in a funding stage. It's such a game changer when you can get a supportive VC in your corner."

- Ask non-investors to run introductions to customers or other programs.

"If I look at our past seed round, all but one was an investment group we had been working with since earlier last year. That went a long way to them seeing our growth and understanding how we manage our business."

- Investors are looking to put money into well-run smart businesses with good metrics.

"We have been able to show growth and evolution in our product and how we work with our customers and how we understand our customers and the opportunity in their space. You secure funding from people who are already in your corner."

"I feel like this last year and a half has been like earning a PhD in business. It's been such an incredible experience and we have gained so many great connections along the way."

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