

Opendoor



“Making a Winning Offer”

Agenda:

1. Mission, Goal & Strategic Priority
2. Market Penetration
3. Sellers & Buyers: Journey, Stats & Opportunity
4. Hypotheses & Solutions
5. Solution Mock
6. Prioritization
7. Success Metrics
8. Mock-For-Thought

Mission & Goal

Mission

Help buyers make an offer that sellers won't refuse

Goal

Design an MVP product to help buyers-with-a-budget submit winning bids in a seller's market

Strategic Priority

Investment highlights

Massive, fragmented market

U.S. real estate industry is ripe for disruption

Superior consumer experience

Digital experience transforming a highly inefficient process

Market leader with low cost transaction platform

Highly efficient platform to buy and sell real estate

Rapid growth and scale

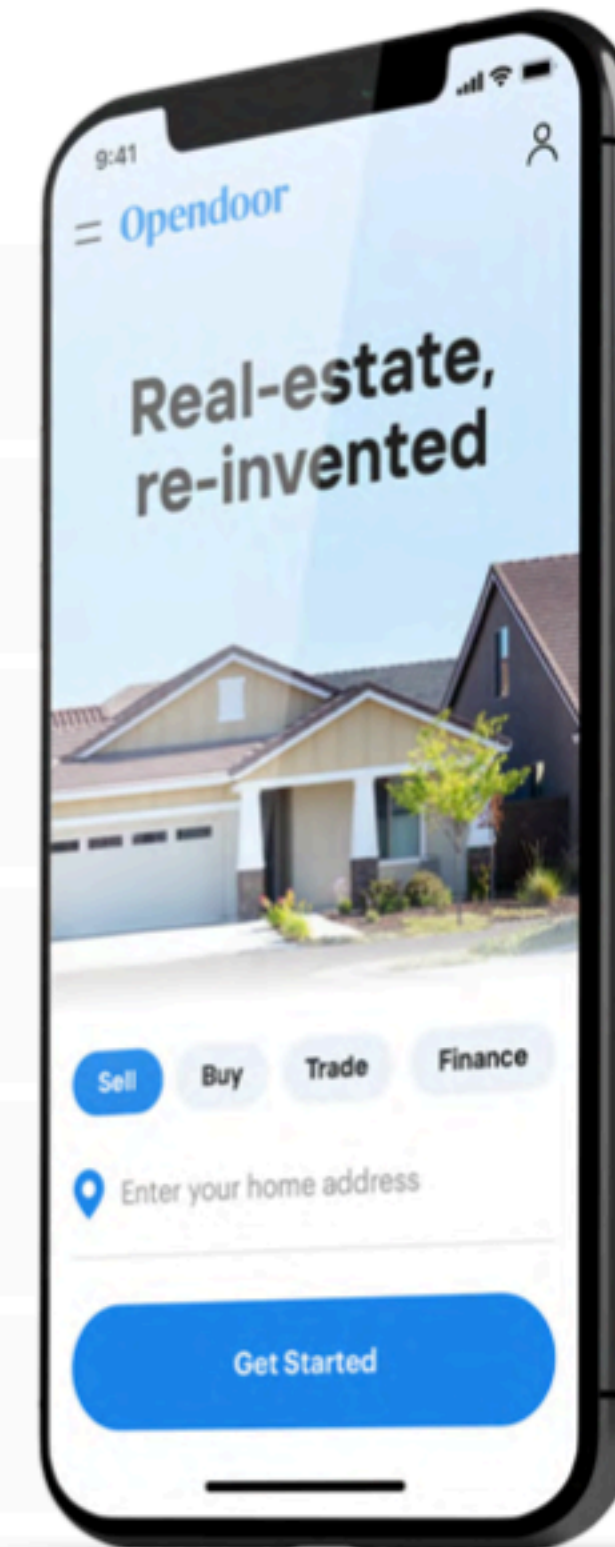
Demonstrated ability to grow rapidly and efficiently

Strong unit economics

Proven, replicable margins across multiple markets

Significant upside ahead

Revenue growth and margin improvement expected via market penetration and adjacent services



“Revenue growth and margin improvement expected via market penetration and adjacent services.”

Market Penetration

1. Sell more homes to more buyers and sellers in existing markets
 1. Acquire more buyers and sellers
 2. Improve conversions:
 1. Buyer activation rate: % high intent buyers who submit a bid ($\frac{\# \text{ high intent buyers who submitted a bid}}{\# \text{ total high intent buyers}}$)
 2. Offer conversion rate: % of bids accepted ($\frac{\# \text{ accepted bids}}{\# \text{ bids}}$)
 3. Contract closing rate: % of bids accepted that closed ($\frac{\# \text{ contracts closed}}{\# \text{ accepted bids}}$)
2. Sell homes in new markets



Seller & Buyer Sales



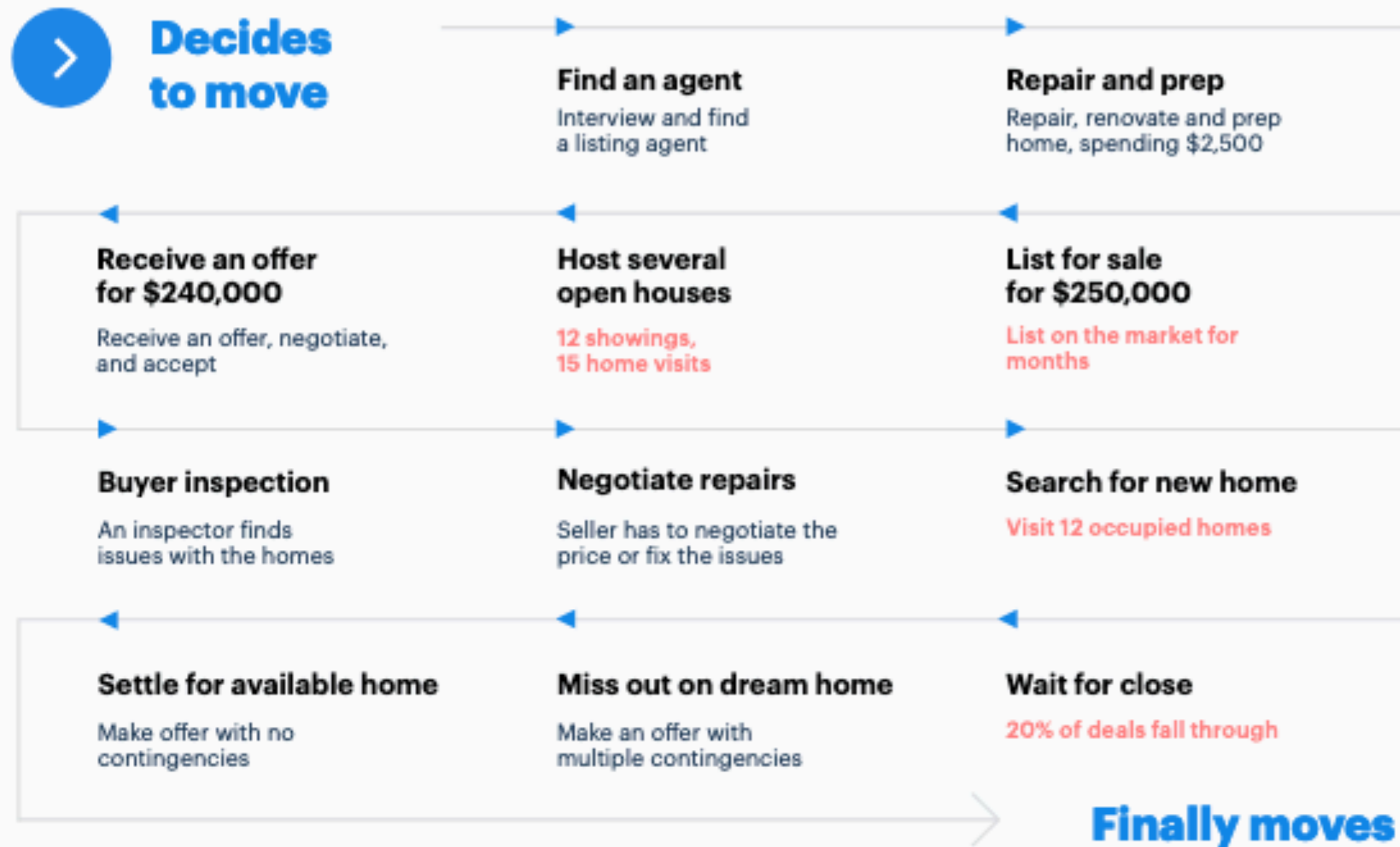
1. How do we nurture 80% of quote seekers into becoming real sellers?

2. Why do 66% of real sellers not convert? How do we make offers more attractive to the sellers?

3. What are the drivers of fees? How do we reduce seller's fees by -4%?

Seller & Buyer Journey

Today, **89%** of buyers and sellers use an agent, and this is their experience

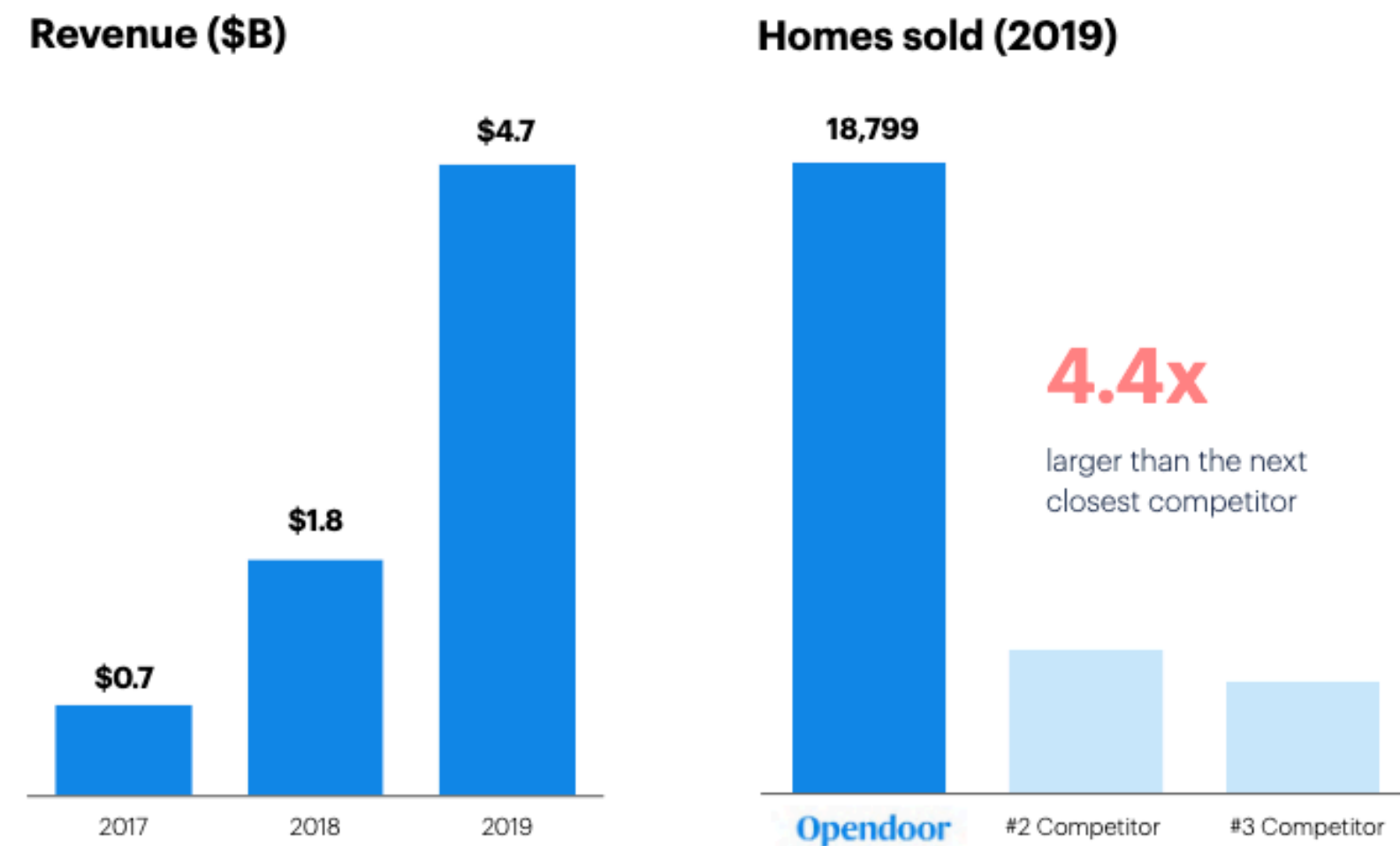


Costing as much as **12%+** of the transaction

| Item | Cost |
|-------------------------|-----------------|
| Broker commission | \$13,750 |
| Seller concessions | \$3,750 |
| Closing costs | \$3,750 |
| Home renovation/repairs | \$2,500 |
| Double mortgage | \$2,500 |
| Moving costs | \$1,259 |
| Staging | \$1,185 |
| Home warranty | \$936 |
| Total | \$29,630 |

90% of sellers on Opendoor sell without an agent, which saves them ~6%-10% in agent fees.

Seller & Buyer Fees



| \$250,000 property that Opendoor... | Buys Direct | Buys with an Agent | Sells Direct | Sells with a Buyers Agent |
|-------------------------------------|-------------|--------------------|--------------|---------------------------|
| Agent Commission | 0% | 0% | 0% | ~6% |
| | \$0 | \$0 | \$0 | ~\$15k |

- Average cost of a home sold by Opendoor in 2019: \$250,000
- Agent fees when buyer is represented by an agent: \$15,000
- Buyers represented by an agent cuts into the final selling price and Opendoor margins.

If the **buyer buys directly** from Opendoor, it would eliminate Opendoor having to pay the buyer's agent fee.

Seller & Buyer Behavior

How do we incentivize buyers to buy directly,
and make a winning offer?

Buyer Experience: Competitive Offer

Delightful experiences that empower buyers through:

1. Offer Dynamics
2. Adjacent Value Add Services

Addressing buyer needs and communicating the unique value of buying with Opendoor will lead to a behavioral shift in buying patterns.

Hypotheses

Hypothesis 1 : Buyers want to know how to evaluate their overall offer package based on MLS real-time data and other factors to gauge the likelihood of offer acceptance.

Hypothesis 2 : Buyers will improve their offers by following Opendoor's recommendations.

Feature : Offer Simulator: Opendoor shows an offer's chances of acceptance on a scale of 'Low-Average-High' based on the bid, listing price, market conditions, and other factors.

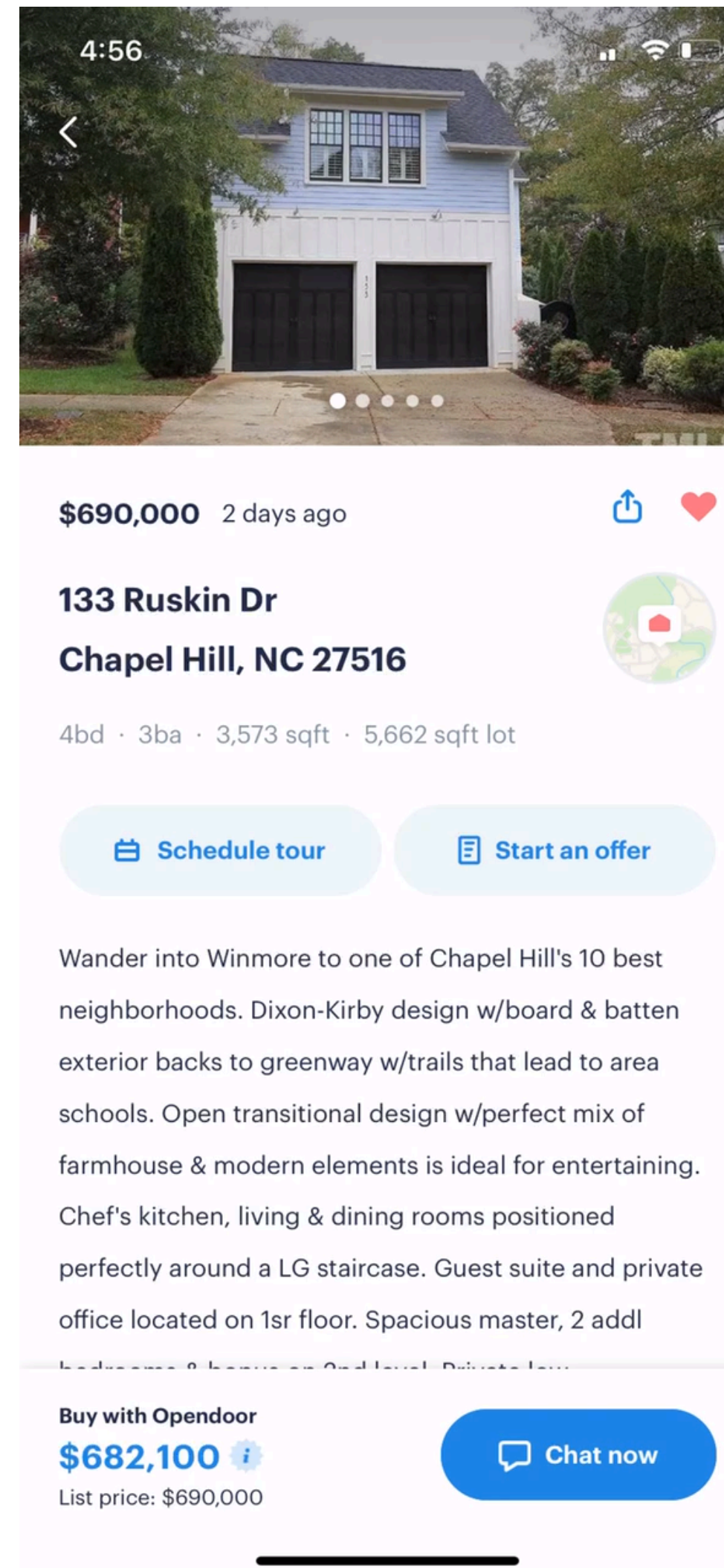
When buyers enter details in the Offer Simulator, like offer amount, preferences for agent selection, how the purchase will be financed, contingencies, closing-time, and inclusion of a personal letter, they are provided with the following assessments:

- (a) Chance of acceptance on a scale of Low-Average-High.
- (b) List of recommendations to improve the offer's chances of acceptance.
- (c) Education of why its important, and awareness of adjacent value-add services

Hypothesis 3 : Buyers want to make a competitive offer within their budget. Showing a suggested bid amount in the offer flow or within Offer Simulator will guide buyers to submit a competitive offer.

Feature : Suggested Bid: Opendoor shows the buyer the suggested \$ bid in Offer Simulator with details about why, based on real-time market data, market conditions (demand, inventory, comparable sales), and buyer preferences.

Mock



4:56

\$690,000 2 days ago

133 Ruskin Dr
Chapel Hill, NC 27516

4bd · 3ba · 3,573 sqft · 5,662 sqft lot

[Schedule tour](#) [Start an offer](#)

Wander into Winmore to one of Chapel Hill's 10 best neighborhoods. Dixon-Kirby design w/board & batten exterior backs to greenway w/trails that lead to area schools. Open transitional design w/perfect mix of farmhouse & modern elements is ideal for entertaining. Chef's kitchen, living & dining rooms positioned perfectly around a LG staircase. Guest suite and private office located on 1sr floor. Spacious master, 2 addl bedrooms & bathroom on 2nd level. Private lawn

Buy with Opendoor
\$682,100
List price: \$690,000

[Chat now](#)

Prioritization

| Feature | LOE | Impact | Delight | Constraint Feasibility | Priority |
|-----------------|------------|---------------|----------------|-------------------------------|-----------------|
| Offer Simulator | Medium | High | High | Medium | High |
| Suggested Bid | High | Medium | Medium | Low | Medium |

Success Metrics

North Star Metric

Bid Conversion Rate: % of offers accepted (# accepted bids / # bids).

Secondary Metric

Contract Conversion Rate: % of offers accepted that closed (# contracts closed / # accepted bids).

| Feature | Quantitative | Qualitative |
|-----------------|------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Offer Simulator | Increase offer acceptance by 20% points. | High NPS score of buyers who used Offer Simulator and/or Suggested Bid to make a competitive offer. |
| Suggested Bid | | |

Mock-For-Thought

- Every person aspires to be a homeowner.
- Buyer's may not care about the mechanics.
- Opendoor has advanced prediction & risk models.
- Make buyers an offer they can't refuse.

The screenshot shows the Opendoor mobile app interface for a home listing. At the top, the time is 1:42, and the address is 133 Ruskin Dr with a price of \$690,000. A 'Chat' button is visible in the top right. Below the address, the text 'Hassle-free homebuying' is followed by a palm tree icon and the text 'Buy this home with Opendoor'. Three bullet points list benefits: 'Love the home or we'll buy it back within 90 days', 'Save up to \$7,900 when you buy & finance', and 'We'll help you from offer to close'. Two blue buttons, 'Start offer' and 'Buy Now', are prominently displayed. Below these, a section titled 'Explore your buying options with an expert.' includes a 'Find a time to talk' button. A 'What it'll cost' section shows a price slider for the purchase price, currently set at \$690,000. Below the slider, the monthly expenses are listed as \$3,804 and the amount due at close as \$139,175. At the bottom, the text 'Buy with Opendoor' is followed by the price '\$682,100' and a 'Chat now' button.

1:42 133 Ruskin Dr \$690,000 Chat

Hassle-free homebuying

Buy this home with Opendoor

- ✓ Love the home or we'll buy it back **within 90 days**
- ✓ Save up to **\$7,900** when you buy & finance
- ✓ We'll help you from offer to close

Start offer Buy Now

Explore your buying options with an expert.

Find a time to talk

What it'll cost

Purchase price **\$690,000**

Monthly expenses **\$3,804**

Due at close **\$139,175**

Buy with Opendoor **\$682,100** Chat now

How do we help buyers make an offer that sellers won't refuse?

- ✓ Mission, Goal & Strategic Priority
- ✓ Market Penetration
- ✓ Sellers & Buyers: Journey, Stats & Opportunity
- ✓ Hypotheses & Solutions
- ✓ Solution Mock
- ✓ Prioritization
- ✓ Success Metrics
- ✓ Mock-For-Thought

Questions?