

# Brooklyn-based firm seeks to make hybrid office environments more customizable

Cara Eisenpress

May, 30 2023

Crain's New York  
Business



Room co-founders Brian Chen (left) and Morten Meisner-Jensen.

Industry City-based Room got its start in 2017 thanks to an observation about office noise.

“Open floor plans were all the rage,” said Brian Chen, Room’s CEO, who co-founded the company with Morten Meisner-Jensen, “and the subject of anger and frustration.”

Chen and Meisner-Jensen were introduced by mutual friends who had been complaining about noise in their workplaces. The two were between jobs at the time, and they started tinkering with the idea of in-office phone booths.

At first, it didn’t seem like much of a concept.

“We laughed it away,” Chen said. They soon realized the problem with offices wasn’t just the lack of privacy or too much noise but how they were built out. “The lightbulb moment was when we realized a phone booth in the office was a replacement for construction,” Chen said.

## FOCAL POINTS

**COMPANY:** Room

**FOUNDED:** 2017

**MANAGEMENT:** Co-founders Brian Chen and Morten Meisner-Jensen

**FULL-TIME EMPLOYEES:** 50

**2022 REVENUE:** More than \$50 million

**PRODUCT MIX:** The company’s phone booths, meeting rooms, open rooms and focus rooms are all prefabricated, designed with in-office needs, from privacy to collaboration, in mind.

**GROWTH STRATEGY:** Eventually, the company would like to offer enough prebuilt environments that the entire office could consist of prebuilt modular spaces.

**WEBSITE:** [room.com](https://room.com)

An office is nothing more than an empty box inside a building. Turning that box into a space where people work usually means that a landlord or a tenant hires an architect and a general contractor, files building permits and buys hundreds of thousands of dollars worth of office furniture through dealers. With increasingly flexible leases and changeable tenants, such a buildout might not happen more than once a decade.

And so when Chen and Meisner-Jensen sold their first booth in 2018, they saw the sale as the initial step toward educating the market about “modular architecture”—spaces built out using prefabricated elements rather than renovations.

“You’re replacing multiple cycles of renovations and demolition between tenants or as needs change,” said Meisner-Jensen.

Either way, office managers and coworking companies wanted the tech-enabled phone booths, which now cost \$6,000 and up depending on specific features and are available to buy on Room’s website. In 2018 Chen and Meisner-Jensen did \$7 million in sales. In 2019, they did nearly \$30 million.

Customers seemed to like the transparent pricing and click-to-order functionality, and they didn’t seem to mind receiving the premade parts and doing the assembly themselves, which takes about an hour. Room’s booths have good acoustics and soundproofing. Meisner-Jensen, who heads up design, said his team spent hours adjusting the light settings, choosing fabrics and figuring out where to hide electrical elements to avoid sprawling wires.

“They are designed down to the last detail,” he said.

The ventilation is “best in class,” said Federico Negro, founder and CEO of Canoa, a marketplace and design tool company that resells furniture, including Room’s spaces. “You never feel stuffy like in other booths,” he added.

In 2020, when offices shuttered, Room’s growth came to a standstill. The founders raised a \$12.5 million Series A round of funding to get through the lull and laid off a large handful of employees.

The blip was short, and the comeback was strong. When workers returned to offices in 2021, conditions were ripe for more booths. Managers rethought office layouts for hybrid workers, and companies insisted on shorter leases from their landlords. A firm subletting space could move in within weeks if they designed with Room’s portable spaces rather than waiting three to six months for contractors to move things around. As economic conditions worry executives, some companies are buying the company’s offerings as a way to add capacity to existing spaces instead of expanding their footprint

“As more people came back and the density increased, they had more of a need to seek that truly private space,” said Jean Chandler, senior director of design at workspace operator Industrious, which buys Room’s booths for their spaces around the world.

These factors helped Room take in revenue for 2022 that was well above 2019 levels, the co-founders said, more than \$50 million.

Room has also branched out from the phone booth to make it easier on staff juggling still having to conduct Zoom meetings from the office. It now sells \$20,000 meeting rooms equipped with technology to make videoconferences seamless. That includes a specialized camera that can capture people sitting across from each other so they appear on one screen for remote participants. In addition, its focus rooms, which cost slightly less, are soundproof private offices that come with height-adjustable desks, power, lighting and whiteboards.

“The focus room wasn’t on our road map,” Chen said. “But then we realized that in hybrid [settings], people would lose their dedicated private office.”

The company raised an additional \$23 million over the last two years to fuel the growth.

In keeping with its focus on modular architecture, Room’s next move is to cull data from how each workspace is used to help landlords build out fully modular offices from the beginning so they can inexpensively toggle between designs depending on an occupant’s needs.

“We want to make building workspaces more like building digital products,” Meisner-Jensen said, “where we build, learn from it, iterate, make a better version and then continue.”