

## Founder's update

### Expanding frontiers through corporate venturing

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By [Doshia Stewart](#), co-founder and chief marketing officer, Allegion Ventures

**When Allegion was created as a spin-off, you would have described us as a hardware company.** Within a couple years, the company was an early pioneer in the smart lock space for the Internet of Things. As our leaders embraced a digital transformation learning journey, the Overtur software platform was created to add new value to the specification process and break down external silos and inefficiencies in the construction process. These were great steps forward for an incumbent in hardware and access, but only a fraction of the potential.

**Our CEO Dave Petratis had a pivotal insight: The best way to learn is to participate and partner, to back forerunners in emerging technology and to have some skin in the game.** Thus, Allegion Ventures was born, and [Rob Martens](#) and I immersed ourselves in the corporate venture capital world. In short order, we were joined by principals [Bobby Prostko](#) and [John Goodwin](#); and recently, [Hatsuki Miyata](#) joined the principals and Bobby became managing director of Fund II.

**As we grow, the guiding principles we started with remain our north star:** Be a strategic investor (bringing more than capital to the table); look for strong management teams (success is built on teams as much as technology); and dispel any baggage associated with corporate funds (reduce hierarchy, move quickly, reinvest in the portfolio and be in it for the long haul).

#### **Here are some of the things we've learned along the way:**

**Invest for learning as well as returns – both are valuable.** Like our investment portfolio, Allegion Ventures is willing to take risks, but they are informed risks. Before we go into a targeted sector, we understand the technology and competitive advantage in the space. We've gained a new appreciation for applied technology, as well as different business models and success drivers. Our process works and it's paying off for Allegion and the companies we invest in.

**Help each other speed up and slow down.** Tech entrepreneurs don't have the luxury of time; their survival depends on gaining momentum and early traction. Outsiders look at the path to market and say, "Why do it this way? If we skip from point A to point Q, we can get to market in six months rather than 18." Living in the tech start-up space helps incumbents question everything and strip out unnecessary steps in their own process. Meanwhile, having a strategic investor helps the portfolio understand hidden risks that can derail them later if they skip too many steps or pick a vertical with a long, complex sales cycle.

**Follow the data trail.** As an engineering-rooted company, our people love things you can touch. What tech entrepreneurs have taught us, however, is the financial value of data and insights, in rethinking how to generate revenue from the territory around the door and in removing barriers to secure flow of people and assets. By partnering – rather than building it all ourselves – we create a virtuous circle of opportunity for Allegion and promising leaders in emerging technology.



**Place a high premium on people.** We invest in CEOs and management teams we believe in, who share our values and build strong relationships. Great leaders have a steady hand and the ability to stay focused and navigate obstacles without panic. They also know they can't do it alone, building high-performing teams and using all the resources at their disposal to help their company succeed.

**Use survival instinct to fuel invention.** During the COVID-19 pandemic, our portfolio companies proved their mettle, as others closed shop. Properties for travelers became remote-work locations or options for college students when dorms closed. Sensors and access technology can now pinpoint deep cleaning zones, manage density and clear health status as people returned to offices. When survival is on the line, the flexibility to pivot quickly and pick up adjacencies plays an outsized role.

**Keep your day job and open doors.** By keeping our roles in Allegion, we have deep relationships in the business and think about multiple relationships to benefit start-ups we talk to, not just writing a check. From proof of concepts and integrations with hardware, to introductions to other software platforms – working with people directly involved in the core business is beneficial, whether we invest or not. And inside our walls, Allegion Ventures opens doors for more people to understand and engage with technology. We see Allegion Ventures as everyone's fund – not an exclusive club. Great ideas and leads can come from anywhere, and the learning that comes from exposure to technology pioneers is a development opportunity.

**Allegion Ventures is on its own growth trajectory, and has formed a \$100 million Fund II, twice the size of our original one.** The new fund allows us to take bigger bets and expand into additional areas, to continue advancing the frontiers of security and safety. Like our portfolio companies, we've come a long way and are ready to reinvest and move to the next level. And Allegion continues to make strides as a 'hardtech' pioneer, a proud manufacturer who is advancing its vision of seamless access and a safer world.

All the best,

A handwritten signature in black ink, appearing to be 'D. De...', written in a cursive style.