

Unlocking the Future: Latch Announces SPAC Merger at \$1.56 Billion Valuation



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LATCH

Sometimes you just know in the first meeting...

For all the deep relationship-building with founders, market sizing, competitive analysis, and other diligence work we pride ourselves on doing, sometimes you just know.

On February 12, 2015, I met [Luke Schoenfelder](#), [Thomas Meyerhoffer](#) and Brian Jones, co-founders of a raw startup with an audacious vision. Their company was called Latch, and they wanted to change the way people thought about physical access. Looking at their initial product model — a stunningly beautiful design that has barely changed since those formative days — and listening to them describe their thesis on the market — a counterintuitive view, and a wildly more interesting one, that focused on a segment of the market that was different from their competitors — it was clear that these guys were special. I wanted in immediately.

Today, we reach a critical milestone on Latch’s journey, announcing the company’s merger with blank-check acquisition company TS Innovation Acquisitions Corp (NASDAQ: TSIA) at a \$1.56 billion post-money valuation. Please see the official press release on the deal [here](#) for more details. TSIA is sponsored by Tishman Speyer, one of the world’s leading owners, managers, and developers of first class real estate, plus a long time partner of Latch’s. While merely one step on a road that has been exciting at every step of the way, this is an awfully significant step. There remains the SPAC process to run through, and certainly risks exist along that road, but we couldn’t be more proud of Team Latch for reaching this point and we are excited to continue the journey in the months ahead.

Given the nature of this milestone, however, it seemed an appropriate time to take a look back....

For Latch, it always started with design. [Thomas](#) is an early Jonny Ive collaborator who spent years at Apple before setting out on his own to design everything from surf boards to Coke glasses and beyond. With Thomas in the design seat, whether or not the business model worked, there was no question that Latch was going to design absolutely gorgeous products with simple, intuitive user experiences. And there was no question that Luke, a product-obsessed visionary with an unmatched ability to sell that vision to customers, employees, and investors alike, had the makings of the sort of reality-bending founders who build the greatest companies.



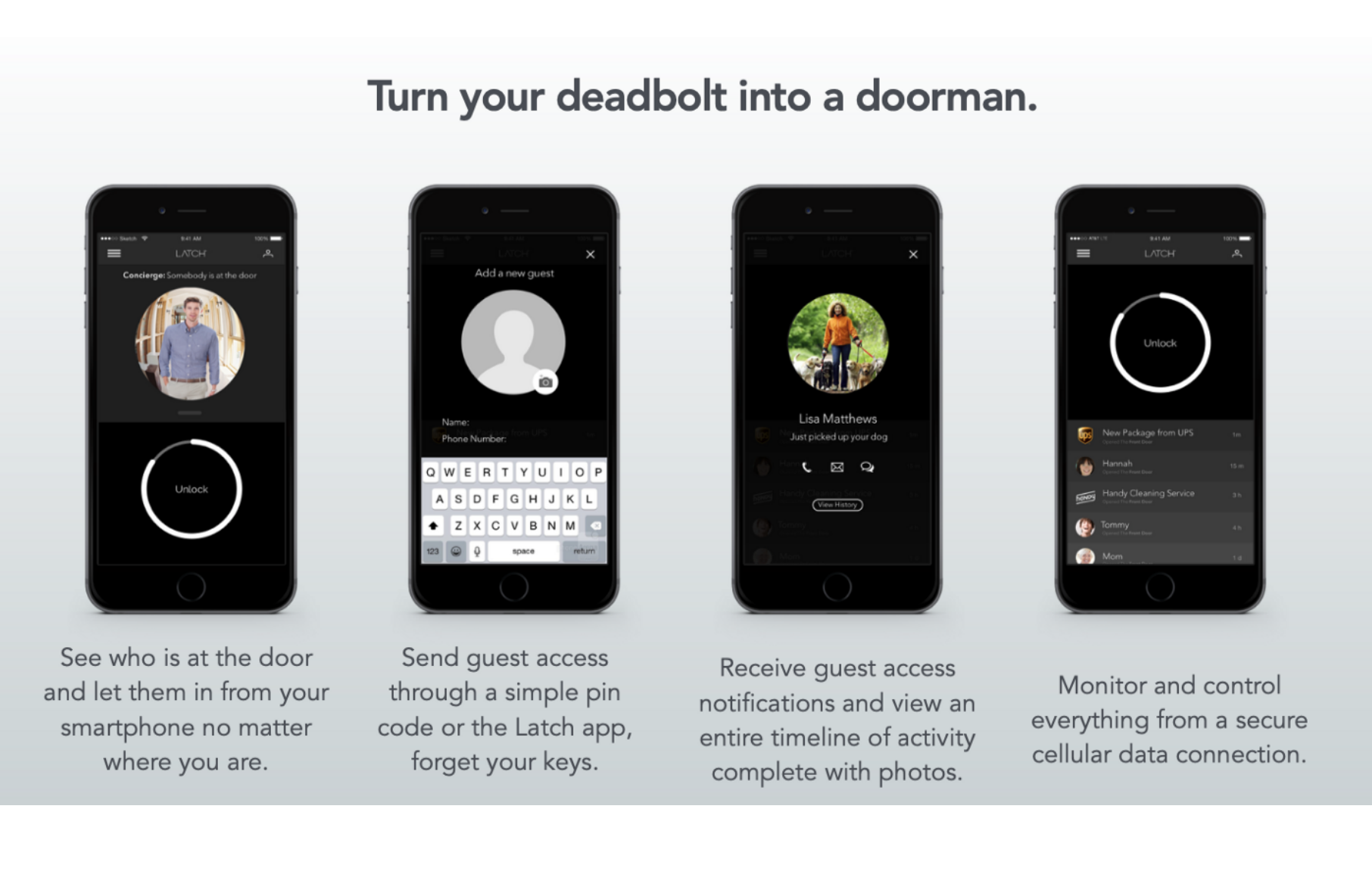
The original Latch design, from page 3 of their Feb 2015 deck. Beautiful from the beginning.

While it started with design, we immediately loved the business model as much as the design. Latch was breaking ground on both fronts — building not a hardware business, but an enterprise subscription business. Latch wasn’t going after the DIY homeowner market, where at that time there were several active competitors. August and Kevo were notable players, both selling reasonable volumes of product into consumer distribution channels, including August in the Apple store. Most people looked at the market as competitive and with winners already emerging, and other investors dismissed Latch without a second look. But Thomas and Luke wanted to do something different. They knew that the big opportunity was solving a pain point for institutional owners, who spend hundreds of dollars per year per unit on key management, rekeying, and related security issues that a truly enterprise grade smart lock could solve. From our initial investment memo:

*“Smart locks enable improved security and lower cost for building owners while also offering value add service to tenants — this drives strong motivation for adoption amongst owners. **The improved security and management controls gives Latch the ability to charge a recurring revenue stream to expand market opportunity.**”*

Recurring revenue from a lock? Nobody had done it before. But that’s where Luke’s vision shone through. **He never was building a lock company. He was building an access business that was software driven.** He saw how the explosion in mobile and gig-economy-enabled platforms would lead to many, many more people entering our homes on a regular basis. He knew that food delivery, cleaning services, dog walkers, laundry services, child care and others were leading to building owners facing expanding security and key management challenges. And he knew that if you could make that access control digital, you would create a vastly improved user experience for both the consumer and for those service providers. While, simultaneously, lowering costs and increasing security for the building owner. In doing so, he and we believed, you could unlock a SaaS recurring revenue stream from building owners that would fundamentally change the way the industry worked.

We were sold.



Turn your deadbolt into a doorman. The vision from that first presentation that enabled a breakthrough business model for Latch.

It’s amazing now to reflect on how much that vision has further expanded. With [LatchOS](#), the company’s product suite and core value proposition are now fully anchored in a SaaS platform that is together the first multifamily operating system, bringing together all the elements that make up the modern building for building managers, vendors, and residents. Over time, we expect that footprint may expand even further into commercial office and other environments.

At that moment when we first met the Latch team, our first fund at Primary Venture Partners was still a couple of weeks from its first close. We were a startup only slightly further along in our development than Latch was. But we quickly realized that we wanted Latch to be one of our very first investments. I called my friend [Keith Hamlin](#), who was then running his family office (and now is a founder and GP at [Third Prime Capital](#)). Keith’s family was a major NYC multi-family residential owner — exactly the customer Latch was going after. After a meeting with his operations team we had vision validated by market demand and, likely, a pilot customer. We were off to the races, partnering with Keith to lead the seed round.

And the rest, of course, is history. That institutional vision was most powerfully realized when Brookfield, the largest multi-family owner in the US, led our Series B in 2018. Today, the company has a growing base of installs with almost every major owner/developer in the US and is beginning to look around the world with a growing product suite that has taken the company well beyond that first, simple, and elegant access control device. Provided the merger closes, this relationship with TSIA will leave Latch with more resources than ever and the ability to go further and faster, along the thrilling path we were already on. The wild ride looks poised to continue.

Huge markets. Compelling founders with a beautiful and insightful vision. It’s rarely that simple, but as a seed stage investor, it’s really all you need. When we see it, we count our blessings and jump.

To Luke, Thomas, and Brian — the three founders we fell in love with when our own firm was in its infancy and who enabled us to hitch our wagon to their vision — **THANK YOU** for the pure pleasure that has been this journey to date. We can’t wait to see what this next chapter enables. I’m sure it will continue to be what it always has been with you guys — way more than I expected!

Venture Capital Spac Startup NYC



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