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StarVest leads \$15 million investment in Iron Solutions

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Four venture investors, led by **StarVest Partners** of New York, acquired 90 percent of **Iron Solutions Inc.** of Fenton for \$15 million -- creating a combination recapitalization and venture investment, one of the largest such deals in the St. Louis area this year.

The June 30 investment is sending about \$5 million to the nonprofit **North American Equipment Dealers Association** (NAEDA), a founder and original one-third owner of the for-profit Iron Solutions, a company known for its "blue book" style listings and values for tractors, cotton pickers, potato planters and thousands of other pieces of farm equipment.

StarVest has experience taking companies public, said Paul Kindinger, president and chief executive of NAEDA. That's why the founders are retaining 10 percent and why the dealers' association is investing part of its proceeds from the sale back into Iron Solutions, he said. The organization, which has about 5,000 members, also has its headquarters in Fenton and leases office space in its building to Iron Solutions.

Iron Solutions' other founding partners are a federation of 18 nonprofit regional affiliate equipment dealers, and **Central Communications Corp.**, a for-profit business software company based in Outlook, Saskatchewan, in Canada. The three groups started Iron Solutions in 1999 as a printed equipment guide for dealers, financial institutions and consumers. It evolved into a Web resource that maintains an extensive database of used farm equipment. The site, **ironsearch.com**, is used by thousands of North American farm, outdoor power and construction equipment dealers, as well as auctioneers, financial institutions, insurers and government agencies, according to the company.

Iron Solutions has a total of 60 employees, with 21 of them based at the company's headquarters in Fenton and most of the rest based at the company's offices in western Canada, said Darwin Melnyk, president of the company.

He was recruited here two years ago to run Iron Solutions and will remain president under the new, venture owners. Melnyk, who commutes to St. Louis from his home in Franklin, Tenn., said the immediate plan for Iron Solutions is to remain in the St. Louis area, where it has relationships with local companies including marketing firm **Osborn & Barr**.

The ultimate decision on whether Iron Solutions remains here will rest with its newly appointed board of directors, which includes Melnyk.

StarVest was the largest of the new investors in Iron Solutions, placing \$8.5 million into the deal, the firm said in a press release. The venture capital company lists 18 portfolio business investments at its Web site, and Iron Solutions is the only one listed in the St. Louis area. StarVest has two representatives on Iron Solutions' board -- Larry Bettino and Jeanne Sullivan, according to information filed with the Missouri secretary of state's office.

StarVest's venture partners in Iron Solutions are **Dublin Capital Partners** of West Conshohocken, Pa.; investment advisory firm **Spring Mountain Capital** of New York; and a strategic investor, **Glacier Ventures International Communications Corp.** of Vancouver, British Columbia. Glacier Ventures produces a number of agricultural publications and Web sites geared to Canadian markets, as well as publishing 170 newspapers in small Canadian markets, Melnyk said.

Dublin Capital and Glacier also have seats on Iron Solutions' board.

StarVest was an early investor in **NetSuite Inc.** of San Mateo, Calif., which went public last year in a \$1.5 billion offering. The company currently has a market value of about \$1.1 billion. Iron Solutions and NetSuite formed an alliance in late 2007 that allowed NetSuite's customers to receive information from Iron Solutions' databases through NetSuite's business management software.

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