



## Star-crossed companies?

Posted by [Brenon Daly](#) on July 21, 2008

Having already made a pair of profitable on-demand investments, venture firm StarVest Partners has decided to take a larger bite in its most recent software-as-a-service (SaaS) deal. The New York City-based firm recently led the majority acquisition of Iron Solutions, which provides online information about used farm and industrial machinery. (Want to buy a John Deere tractor? There are nearly 2,900 of them for sale on the Iron Solutions site.) StarVest put up \$8.5m of the \$15m for 90% of Iron Solutions, with the remaining money coming from Dublin Capital Partners, Spring Mountain Capital and GVIC Communications.

The deal caught our eye because StarVest was also an early investor in NetSuite, owning 5% of the company according to the S-1 filed ahead of [NetSuite's IPO](#) in 2007. (StarVest's other SaaS exit came when [Dell paid \\$155m](#) in cash for portfolio company MessageOne, an on-demand email archiving company run by Michael Dell's brother.)

StarVest's interest in NetSuite dates back to May 2000, when it led a Series C investment in the SaaS applications suite vendor together with Oracle head honcho Larry Ellison. (Ellison, of course, is the co-founder and majority owner of NetSuite.) Iron Solutions and NetSuite teamed up in October 2007 to provide industry-specific applications for agricultural equipment dealerships, and the on-demand player often uses that example to illustrate how its software can be tailored to a specific industry.

Does StarVest's simplification of the capital structure at Iron Solutions make a sale more likely, perhaps making the firm a broker in a deal between a pair of portfolio companies? (We would note that Oak Investment Partners [recently played matchmaker](#) in an inter-portfolio marriage of two SaaS companies.)

Speculation about a possible purchase of Iron Solutions by NetSuite may be a bit of a stretch. However, it's worth noting that NetSuite's only acquisition so far has been a vertical deal: the [\\$31m purchase of OpenAir](#), which helped boost NetSuite's services industry expertise.

Perhaps NetSuite could broaden the focus of Iron Solutions' online marketplace, appraisal and valuation services to a much wider market. The applications vendor has already begun to offer applications tailored for light manufacturing and has voiced a desire to add in heavy manufacturing in the future. If it's serious about those moves, NetSuite may well find that Iron Solutions' equipment marketplace and other know-how come in handy. The two sides, and their backers, certainly know each other well enough.

### Selected StarVest exits

Company	Event
MessageOne	Sale to Dell for \$155m
NetSuite	IPO in December 2007

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