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## **Starvest's Farrington: Profitability key to IPOs**

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DEBORAH A. FARRINGTON

One of the biggest changes in the environment for initial public offerings over the last 18 months is that institutional investors are more focused on profitability and less focused on growth, says Deborah Farrington, a **partner** at StarVest Partners. The New York venture capital firm is the biggest investor, besides Oracle Corp. (NASDAQ:ORCL) CEO Larry Ellison, in NetSuite Inc. (NYSE:N), which **debuted** on the New York Stock Exchange in December of 2007, shortly before the IPO market shut down.

While Farrington and other venture capitalists are encouraged by the **six VC-backed** companies that have gone public in the last couple of months, including SolarWinds Inc. (NYSE:SWI) and OpenTable Inc. (NASDAQ:OPEN), they **point out** that the number of companies that have filed to go public with the SEC is very low. Farrington says there are 12 currently in the queue, and she expects some of them to withdraw.

Despite the challenges inherent in IPOs today -- including complying with the Sarbanes-Oxley Act -- most entrepreneurs still dream of going public one day, says Farrington.

The Deal's conversation with Farrington was shot on location at the NYSE Euronext and kicks off a new series we're running on the current IPO environment. Watch the video below or download it on **iTunes**. - Mary Kathleen Flynn



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