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Venture firm on the prowl

N.Y. firm seeks promising tech startups

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A New York venture capital firm with millions to spend wants to dig deep into the Austin technology scene.

StarVest Partners will visit the city this month with hopes of expanding a portfolio filled with software and technology service firms. Its investors have dabbled in Austin's tech sector before via a total of \$23 million investments in MessageOne Inc., Newgistics Inc. and the former Journee Software.

StarVest Partners has invited angels, local venture capitalists and others to a meet-and-greet event from 5 to 7 p.m. on Oct. 17 at Lambert's Downtown Barbecue restaurant. It is the second "road show" StarVest Partners has hosted to find new business. A similar event took place in Cleveland this summer.

"We kind of follow a different approach," says StarVest General Partner Laura Sachar.

StarVest Partners, which has more than \$225 million under management, is looking for startups that will lead its sectors with annual revenue between \$2 million and \$15 million. Its focus is on businesses that are ready to expand and offer technology as a service through software, marketing, e-commerce and security monitoring.

For MessageOne Inc., StarVest lent expertise in growing the company and connecting with customers.



Sachar

"They know intimately the needs and focus of new companies," says MessageOne Executive Vice President Michael Rosenfelt.

StarVest Partners typically spends \$4 million to \$6 million in an investment round and has pumped as much as \$15 million into a firm, Sachar says.

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STARVEST: NY venture capitalists have already invested here

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Starvest has no current plans to open a local office, and Sachar would not discuss current fundraising plans. The company raised most of its money — \$150 million — in 2000. StarVest Partners is turning to Austin firms because of their strong management pools, she says.

"For the kinds of companies we're investing in, management is key," she says.

While based in New York, the company does not concentrate its efforts in the Northeast. About 25 percent of its portfolio is in the Southwest.

Starvest Partners is unusual in its cross-country approach, says Dow Jones Venture-One spokesman Adam Wade.

"They're batting OK," he says of Starvest's track record.

One Starvest company, Netsuite in California, is in the process of registering for an ini-

tial public offering, he says. Four companies have been acquired, and seven folded.

The investors' interest in Austin shows the area's current strength, Wade adds. During the second quarter of 2007, about \$172 million was invested here, he says.

Sachar says StarVest Partners is searching for companies that will grow rapidly, and many in Austin fit their plans.

"It's a terrific place for companies to grow," she says.