

NutshellMail gets Acquired by Constant Contact

 **Marc Nathan** Startup Houston  Wednesday, 26th of May 2010 at 09:38:45 AM

Houston-bred startup founders **Mark Schmulen** and **David Lyman** sold their web-based aggregation tool, NutshellMail to email giant Constant Contact: [Press Release](#)

I've spoken with Mark and he named a few Houston-based advisors and investors, specifically **Phil Fraher**, a seasoned CEO and now a special advisor to the **Houston Technology Center**, Andrew Clark also an Executive-in-Residence at HTC and one of Houston's most active technology angels as well as **Roger Friedberger** who is a member of the **Houston Angel Network** who all helped guide the company through the complicated startup process and even more complicated sale process.

Due to the deal they structured and the fact that Constant Contact is a public company, Mark and the advisors can't tell me the total price, but they assure me that everyone is very, very happy with the outcome and that the investors were paid back with a profit less that a year after the first investment closed. From an angel standpoint – this is a massive win.

Mark, David and **David Neubauer**, the company's CTO will be building Constant Contact's West Coast operations and leading their Social Media initiatives, as well as spearheading future startup acquisitions for the next three years. This is a great place for them and Constant Contact will now be able to capitalize on the lessons Nutshell has learned about trends in social media. Aside from the work cut out for him in their new day job, Mark, always the standup guy, has plans on giving both his time and money to new startups (he's already looking at two) – and I know that he'll be accessible to Houston startups for advice. He is built to be a startup mentor and I know that he'll thrive in that role.

The inevitable question has already been **raised**, "Is this good for Houston if the principals have moved to Silicon Valley?"

On the face of it, the answer is no if you are looking at it from a strictly job-and-tax base-growth perspective that is held by most Economic Development organizations. Modern early stage web-based startups will always fail in this category for the simple reason that startups can now do much more with much less in terms of staff, tools and time – it's the basic premise of the remarkably brilliant new book **REWORK** by **37Signals**. Nutshell Mail, like scores of other web-startups had a very **Lean** mentality and growth for growth's sake always took a back seat to figuring out the product-market fit.

I would argue that that Nutshell *has already been* a huge win for the Houston Startup community. First off, they

started

– jumping off the cliff into a startup is incredibly motivating for other would-be entrepreneurs. Secondly, they took a risk and it paid off – this is not just true of the founders themselves, but their families. David Lyman is a newlywed, and strictly based on his wife's Facebook updates, it has been a struggle at times for them on an emotional level since they were living in separate cities for a while. Spouses are very often the unsung heroes in a startup – earning enough to keep the family going and offering emotional support through all of the lows that startups endure. I bring this up only to use this as an argument to all the other aspiring startup spouses that there can be a light at the end of the tunnel. Third, lots of Houstonians were involved along the way who were compensated both in cash as service providers and *experience*, as they can now proudly place Nutshell Mail in their portfolios. I want to call out three people in particular: 1) **Scott Mury** – the original architect of Nutshell Mail. He made the (right) choice to stick with his own **startup** but should get a lot of credit for Nutshell. 2) **Aaron Baxter** – the incredibly, almost supernaturally talented designer who handled most of the branding and user experience for the company and 3) **Erica O'Grady** – our very own Social Media expert (a truly earned title, not in an ironic way) who for a time spent every waking moment talking (and IMing) about

Nutshell to anyone and everyone – that happened to include **Guy Kawasaki**, **Robert Scoble** and **Pete Cashmore**. Erica was instrumental in getting the Houston community to know about and support Nutshell – even going so far as to arrange a few **Jelly!**'s at the global headquarters of Nutshell Mail and the home to **Nathan Nut** (Mark's grandmother's condo near the Galleria – certain to be a historic technology landmark like Hewlett and Packard's garage or the House of Pies on Kirby where the first Compaq laptop was sketched out). Fourth winners: the investors. Nutshell Mail started out with a healthy friends and family round, that was later followed up by a group from the Houston Angel Network led by Andrew Clark. They were admitted to the Facebook incubator that made a small investment through REV, the fbFund led by none other than the **Master of 500 Hats** himself, **Dave McClure**. This in turn led to a Series A round by **Jay Levy** at **Zelkova Ventures**. A local investor win from our angels is a local win any way you look at it. Now those local angels have both domain expertise that comes from a solid exit not to mention the cash available to invest in other deals of the same nature. Fifth winner: the haters – that's right, there were a lot of very smart, very respected people who passed on the deal or denied their support for Nutshell Mail since they either didn't get it or they didn't see the financial return possibilities. There were quite a few – and I spoke to many of them personally – that said the team was not good enough or that they didn't have the right skills/knowledge/connections. I told Mark the old saying, "Success has many fathers, but failure is an orphan". What I meant was that Nutshell was an orphan last Friday, but now people are going to come out of the woodwork to say how much they helped/believed/supported them now that they have a mark in the Win column. This is a common thing – a lot like a university who gave you a lot of trouble to graduate, but is now asking for your donation. I strongly believe that Nutshell is a win for these naysayers because it proves that these deals can make money and it gives them a reason to take a second look at a risky investment. This is exactly the kind of thing Houston needs to shake our perception as a very conservative investment environment for web-based startups.

Congratulations again to the Nutshell Mail team, the investors and once again Houston.

What do you think about the announcement?

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