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title

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CHICAGO – [ClearGauge](#), the Chicago-based Internet marketing outfit formerly known as B2BWorks, received a new lease on its virtual life two years ago courtesy of [Saints VC](#).



San Francisco-based Saints VC targets investment opportunities in companies that for whatever reason have shareholders seeking immediate liquidity. After spending a few years on an extended nine count, ClearGauge received nearly \$1 million from Saints and is now a mostly profitable company focusing on growth.

Founded in 1999, ClearGauge raised nearly \$20 million in venture capital financing from a hat trick of coastal venture firms as well as strategic investments from Donnelly and PRIMEDIA to fund what was then an Internet advertising agency.

Like many companies of its ilk, ClearGauge got pummeled in the dot-com crash. By 2003, the company was down to a dozen employees from a peak of nearly 80 and was saddled with bad debt and investors who had no interest in keeping the company going.

All the while, ClearGauge and its remaining staffers were not only keeping accounts open but also shifting the company's business focus to the blossoming category of Web analytics.



For Karen Breen Vogel, who joined the company from IBM a few years earlier and assumed the role of CEO from founder Bill Furlong, the opportunities to grow were stalled with debt and investor obligations. If ClearGauge did not recapitalize, it would have been difficult if not impossible to hold the company together despite the promising outlook.

Around the same time, Saints had acquired stakes in approximately 10 PRIMEDIA portfolio companies. ClearGauge was among the smallest and initially did not warrant much attention.

"Candidly, we did not put much if any value on it when we bought the PRIMEDIA assets," said Ken Sawyer, a managing director at Saints. "We fundamentally believe that Internet advertising and general demand generation is a long-term, growing opportunity.

"We believe there will be a continued shift of marketing dollars moving to the Internet. Having a small equity stake, we thought there was an opportunity to restructure the company."

Saints cut a deal ClearGauge where it would invest contingent on Breen Vogel putting in her own capital as well as undergoing a "workout" with existing debt holders. In addition, she persuaded existing shareholders to write off the bulk of their investments in order for the company to forge ahead.

"I told the old investors that – if they did not agree to this deal - the keys to the business are going on the table and they can take the company into bankruptcy," Breen Vogel said. "The recapitalized firm, which recently moved to new offices at the corner of Hubbard and Orleans, was profitable in 2004 and 2005. We expect to return to the black this quarter after investing in marketing and new employees."

Saints is also an investor in Chicago-based Extended Care Information Network and Milwaukee-based HK Systems.

"Our goal is to provide liquidity for private investors," Sawyer said. "For an entrepreneur who wants liquidity or an existing investor who doesn't see the same opportunity in the business, a deal can get done without an acquisition or other liquidity event."

Content from this article, which first appeared on Monday in the weekly Tech Matters column by Brad Spirrison in the Chicago Sun-Times, is being published with permission.



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