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Angel Company of the Month: ChatSpace

Carlsbad is home to ChatSpace, a profitable, growing business that provides Internet chat products and services to the small and mid-sized business market. The company's software tools allow businesses and organizations to connect their people into virtual knowledge bases, with a focus on financial services and education. The company serves over 1500 midsize and fortune 1000 customers worldwide.

Central to ChatSpace's operation are three product families: WebBoard Conferencing Server, a Web based forums/e-mail/chat tool designed for corporate workgroups and distance learning collaboration; ChatSpace Community Server, a real-time community engine that provides chat, instant messaging and threaded discussion services for public Internet and corporate portals; and the iInteract Support Server, a live customer support product that uses the Web via chat, Web tours and knowledge bases to provide online customer care at reduced costs compared with traditional phone or e-mail support.

Founded in 1998, the company is off to an excellent start, but Eric Olinger, President and CEO, wants more. He made a connection to angel investing while attending "How to Start and Finance Technology Companies," a class run collaboratively between UCSD CONNECT and the business department of UCSD Extension. Ken Olson, a member of the San Diego Tech Coast Angels (SD TCA), has taught the course for six years, and developed an interest in both ChatSpace and Olinger. "I made an investment in his company as a result of my getting to know him through the class," said Olson. In addition to being an early investor, he is the chairman of the board.

To date, ChatSpace has raised \$610,000 in angel funding, and the money will be used to take the company to the next level. Already known as a provider of quality Internet chat tools, the company is moving to become dominant in a contested market. In addition to money, the SD TCA "has made introductions to potential vendors, customers and employees," said Olinger. SD TCA "provides information on related firms that may be of interest to us as partners or acquisitions." He said the process was very valuable, and it's equally important to have a champion within the SD TCA.

Editor's note: More information about ChatSpace is available at <http://www.chatspace.com>. Information about angel investing and the application process of the San Diego Tech Coast Angels is at <http://www.techcoastangels.com>.