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Goose Island co-founder seeking tech venture capital

TECH MATTERS | His company hopes to expand video classified ads on Web

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Microbrew pioneer Todd Holmes is looking for his next liquidity event. So the co-founder of the Goose Island Beer Co. and Beer Across America last week was one of dozens of area entrepreneurs hoping to tap in to the venture capital market during the Midwest Venture Summit.

The two-day summit, organized by the Illinois Venture Capital Association, was the place to be for any young company seeking cash. More than 100 early-stage investors were on hand to review presentations from dozens of startups selling everything from software to synthetic medical glue.

Holmes' company, Liquidus On Demand Marketing, helps cable companies including Comcast and Time Warner distribute video classified advertising to their digital subscribers. River North-based Liquidus, which was founded in 2001, has been funded to date by a \$1 million angel investment. Although the 50-employee company made more than \$4 million last year, Holmes hopes to raise as much as \$5 million to fund expansion into Internet markets.

"Most companies start on the Web and then work towards video on demand," said Holmes, 40, a native of Barrington. "We went the other way. The cable space is difficult. It took us two years to learn the intricacies of dealing with multiple players in multiple markets."

This homegrown approach to raising money contrasts with the last time Holmes was out seeking institutional venture capital -- during the frothy period of the dot-com bubble. In March 2000, just before that market's last call, he raised \$25 million from several blue-chip venture firms to fund *Drinks.com*.

"That is the one business no longer in existence," he said. "Back then, you spent your money as if you were going to raise your next round. That is a tough way to run a business."

Holmes, who turned a \$5,000 investment in mail-order distributor Beer Across America into an \$18 million sale, is now consumed with finding the right talent to grow Liquidus. While the company already has a presence in 30 cities, Holmes thinks the market for video classified ads has multibillion-dollar potential. With or without raising money, Liquidus expects to make more than \$10 million this year.

"When you put all [my companies] side by side, they couldn't be more different," he said. "Relying on good people has helped to take this vision into a reality."

Seeding new stars

Grants from the Illinois Department of Commerce and Economic Opportunity and local angel investor Bob Geras put a total of \$120,000 in the hands of two local companies.

ReTel Technologies, which uses radio frequency technology to help grocery shoppers find better deals, won \$50,000 in the second University Business Plan Competition. The University of Chicago company competed against seven other start-ups representing Southern Illinois University, the University of Illinois, DePaul, the Illinois Institute of Technology, Northwestern and Loyola.

The competition, which kicked off the summit, was organized in part by the Illinois Business & Investor Forum.

Evanston-based Patient Impact, which develops online surveys to help health care organizations better communicate with customers, took home a \$70,000 check in the early-stage competition. The prize money was donated by Geras as a way to celebrate his 70th birthday and motivate young, worthy companies to tighten up their business plans.

One-stop shopping

Many of the later-stage businesses that showcased their wares were existing portfolio

companies of Evanston-based New World Ventures. Among those out raising more money were West Loop-based financial technology provider Firm58 and Lisle-based grid computing shop Univa UD.

Firm58 leases software to help exchanges and other financial institutions manage and reconcile transactions. The company, which hired CEO Curt Witte to replace founder Sam Mele, is raising \$7 million.

Univa, which is also funded locally by Arch Venture Partners and OCA Ventures, has received a term sheet from an investor to lead a \$10 million round, said CEO Jason C. Liu.

"The advantage of an event like Midwest Venture Summit is the exposure companies get to multiple investors at once," said New World managing partner Chris Girgenti.

Brad Spirrison is a local technology writer and president of MidwestBusiness.com.

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