Randi Shade: Given the fact that this was in the context of "at the speed of light;" and trying to answer the two questions that were presented to us, "What are the trends?" and "What are the barriers?" that my personal story would probably a good first-hand look at what's really going on here.

As Lisa said when I was introduced, I spent 10 years working as an employee – equal amounts of time in the public sector, the not-for-profit sector, and the for-profit sector. I think Jim Austin's comments earlier today about the graying of the boundaries between these three were interesting. There are a lot of similarities.

I moved back to Austin, which I consider my hometown, a couple of years ago looking for a business opportunity. Not sure what it was going to be. A real good friend of mine from years past was one of those dot-com-crazed people who said, "You've got to do something in the charity space. It's got to be a dot-com, and it's got to be something related to charity."

It didn't seem very real to me -- the notion that you turn on a charity portal that everybody's going to come. Because, as Nick said, most people already have an idea of what it is that they want to donate to. So I didn't quite see the opportunity.

But around the same time a very, very dear friend of mine died. This was two years ago next month. He was the associate dean of students at the University of Texas for about 15 years, and it was "in lieu of flowers, make a donation to XYZ charity."

I made a donation, but it was extremely difficult. I had to look the organization up because it wasn't an organization I would be giving to on a regular basis. And I had no idea if they were going to inform the family that I'd made the donation.

I knew from being on the nonprofit side that it was going to be a hassle for this charity, because although they raised about $3,000 when this person died it was with a lot of $15 and $20 checks. This was an associate dean of students at UT, so you can imagine the outpouring of student support for this.

So they were stuck with this massive acknowledgement process. I'm now on every AIDS mailing list, probably, in the country because they share their database with like organizations. I still have no idea if they ever told anything to the family, so I still went ahead and sent a sympathy card.

And that's how the idea of Charitygift was born.

I thought about it long and hard, and decided I can make a business where my business model is based on people paying for the service that we provide. It's not dependent on charity partnerships and it wouldn't be incumbent upon anything other than people willing to pay for our delivery service, which is essentially what it was. Packaged in a cool way, but a delivery service.

We did it at the speed of light. With all that was going on at that time, I was able to raise about a million dollars from venture capitalists in order to get going. We didn't even write a business plan. People were crazed. Austin, Texas is like a smaller version of Silicon Valley. Because my goal was to replace fruitcakes and popcorn tins – useless gifts – with new money for charity that wouldn't otherwise be raised.

I went to Motorola, a great company that has a big presence in Austin, and said, "Don't send out fruitcakes or popcorn tins for the holidays this year. Send out a charity gift." And they were interested. But when they saw our web applications, they said, "Can we use this to manage our United Way campaign?"

And suddenly my investors went nuts. They said, "Randi! You're a B2B ASP!" I felt like Forrest Gump; I didn't know that. I did go to business school, but I didn't fully understand until I was deep into this. I just had a passion for my particular product.

For them to achieve the return that they were really looking for they needed this to be a $100 million company in 18 months. And they said that getting into workplace giving knowing what the United Way raised was the way to do that.

I thought it was kind of a weird idea, but I started to explore it. And because Austin is a small and wonderful community it was very easy to communicate with our local United Way.

Dell, also a large company in Austin, was having a hard time with United Way because they were expecting it to use the tools of the day – the Internet. They couldn't stand seeing paper pledge cards. They had tried to build their own system. There were lots of requirements for full choice. No longer were you just going to fill out a pledge card like when I worked at Proctor and Gamble and then the money just went to the United Way and that would be it.

Everybody wanted choice. They wanted to say which organization, any organization in the country. They wanted interaction. They wanted to know that the charity got that money, and they wanted to see it in a report.

So it was a lot of challenge for the United Way in Austin to manage this growing company's significant contribution. I think Dell last year gave about $4.5 or $5 million to the United Way campaign in small payroll deductions. It was very hard on the United Way to try and deal with that.

As time went on, the biggest player in the space liked what he saw us doing. It was a company called Charitableway. My company wasn't even a year old, and the biggest player in the space said, "We want to buy you." My investors were thrilled. I will never marry anybody for their money again… I learned that lesson.

But truly, I was excited about it. I always had some concerns about the notion of what you could really do in workplace giving. Having called on corporate community relations people while being the development director for City Year and other nonprofits, I knew how under-resourced these folks were.

A lot went on in 15 months. Charitygift by itself generated about half a million dollars to some 2,000 different organizations across the country, processing tens of thousands of these gifts. And Charitableway had about 12 major corporate customers who were satisfied, for the most part, with the service they were getting. But the business couldn't be big enough fast enough, so just about a month ago the CEO and the board of Charitableway decided that it was not a big-enough business worthy of pursuing at this time.

It could be a nice small business, but these were not people who were interested in nice small businesses. So who knows what will happen to Charitygift? It will be one of the many assets being liquidated by Charitableway. I have no idea what will happen.

I'm still very committed to the idea; I think it still makes a lot of sense. So here are my answers to the two questions.

What are the primary trends? Well, I think that the big trend is, guess what, the rules of successfully running a business are the same as they've ever been. They've not changed a bit, and I think the market has just caught on to that now. We did see a bubble, and it has burst, and ultimately that is going to be a healthy thing.

When I worked at Proctor and Gamble, when we wanted to introduce a new product we would first write a concept paper. One page – everything at Proctor and Gamble is on one sheet of paper. And then we tested it through market research.

I did the exact same thing starting Charitygift. At Proctor and Gamble, when you got 20 percent acceptance based on that one-page concept paper from those surveyed, it was a green light to pursue it. When we tested Charitygift as a concept, it was over 50 percent acceptance. So my consumer-marketing background tells me that's a good product.

However, you can't get the money to build that and become profitable fast enough if you're going to take the venture-capital funding that we did. So maybe I'll start it again in a different way; I don't know. But the idea of having to be profitable hasn't gone away.

I'm glad of that actually. I was thinking I was nuts last summer.

The tools of the game are changing. That's obvious. But that's been going on for a really long time. Technology has been the thing that's been driving change, getting companies to be able to do things faster, cheaper better. Getting all organizations, be they government or nonprofit, that's still out there.

But what's changed is the availability and complexity of these tools required. Any organization that's going to be successful has to have a chief information officer or a chief technology officer. That phrase was introduced only in the last 10 years. Every organization has a chief marketing officer, a head of human resources, a head of finance, a head of operations. The same is true for technology now. If you're going to be successful, you've got to use the tools of the trade. And you need a team of people in your organization who are dedicated to doing that.

That's a trend. It's been a trend. It's one that probably isn't going to go away.

Related to those two – business being the same as it's ever been and that the tools are changing and we need to take advantage of them – the expectation of the public is that you should be using the tools of the day. Again, every organization in here has to consider that, no matter what your organization is involved with doing. I think that when Jim talked about the barriers – the economics, the technological readiness, the mistrust and the culture clash – clearly the turmoil of dot-com, dot-org thing is about to calm down.

I heard Chris Sullivan, the CIO at the Minnesota Council of Nonprofits, talk yesterday about how relieved he is that there's a chance now that he won't be bombarded every day with sales reps trying to sell a new ASP or a new service that he's not sure he needs.

The confusion may end up making a little bit more peace here in the next few months and years.

I got a fortune cookie last week, and it's my summary, which is, "Pray for what you want and pay for what you need." That would be my advice with respect to technology. Everybody's grappling with what kind of technology they should use – to manage email, to manage a database. But the most important thing is to focus on what you need, and not lump it all together.

My business training is in marketing. Marketing has sales, it has public relations, it has direct mail. It has so many aspects, and I think be viewing technology in the same way.

So pay for what you need, and don't freak out. Just relax and think about what you need so you can stay focused on your mission. I wish everybody the very best of luck in that endeavor.

Ramrayka: Thanks very much, Randi, for being so candid in your comments. Do you have any thoughts on what venture capitalists need to learn about the nonprofit sector if they're to be successful partners in e-philanthropy?

Shade: I think it would be helpful for venture capitalists investing in this arena to understand the domain, and I think that is now going to be the case. The reason so many dot-coms have blown up, no matter what the industry, is that people didn't understand the domains.

You really have to understand what unmet need this business plan is going to fill, and how many people in the organization truly understand that. When Chris was talking yesterday, he was saying that people are coming into his office all the time saying, "You need this." But he didn't need that.

The only reason that I understood the space so well is that I spent so much time in it. I noticed that the majority of the venture capitalists, even in Charitableway, had very, very little experience. So they didn't understand what the corporate community relations person was really grappling with managing workplace-giving campaigns and matching-gifts programs.

The most important thing is to know the space before you invest in it.