



Venture Capital Funding Quarterly

**Internet • Digital Media
eCommerce • Software**

1st Quarter, 2012 – United States

Publisher
[VentureDeal](#)

 [/VentureDeal](#)

Contents

Summary	2
Funding Activity	2
Notes	8

Summary

During the first quarter of 2012, 391 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$2.31 billion in venture capital funding in the aggregate, down 16% in total funding amounts versus 4Q 2011 and down 12% in the number of companies funded.

Only the Internet sector showed a decrease in funding amount. The Digital Media, eCommerce and Software sectors indicated meaningful increases in aggregate funding amounts, which increased +16%, +100% and +12% respectively. The number of Software companies funded dropped by 17%.

Funding Activity

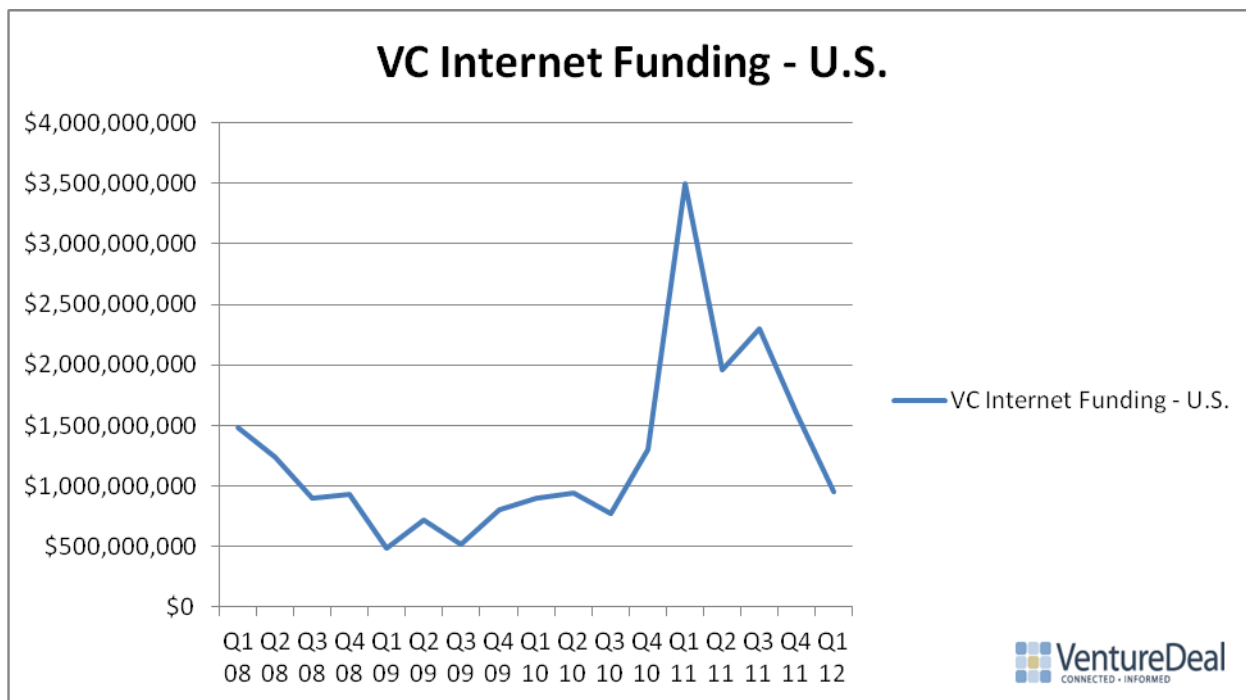
Internet

Internet sector company fundings continued their previous quarterly decrease by registering a further percentage decrease of 40%. The sector received \$958 million in venture capital funding during the quarter, allocated among 201 companies – a decrease of 17% in the number of companies funded.

[Yammer](#) secured the largest funding round during the quarter, receiving \$85 million in its series E round from a large syndicate of venture capital and private equity firms. The company said it would use the funding to scale its operations and possibly make acquisitions.

Broadcast television-to-Internet company [Aereo](#) secured \$20.5 million in its first round from strategic investor [IAC](#) and venture capital firms. The company aims to enable consumers to watch broadcast television free over the air on the Internet. The company is now the subject of lawsuits from broadcast television networks.

Enterprise social networking software company [Spigit](#) landed \$15.2 million in its series E round from private equity firm [Warburg Pincus](#). Spigit said it would use the funding to hire employees and focus its sales and marketing efforts to the enterprise.

Chart 1 – Internet Funding


Digital Media

Digital Media funding reversed its previous quarterly funding decrease. Digital Media companies for the purposes of VentureDeal's definition are generally either video/casual game developers or advertising networks. Total funding increased quarter over quarter by 16% to \$310 million, with 46 companies being funded, a decrease of 12% in companies funded versus the previous quarter.

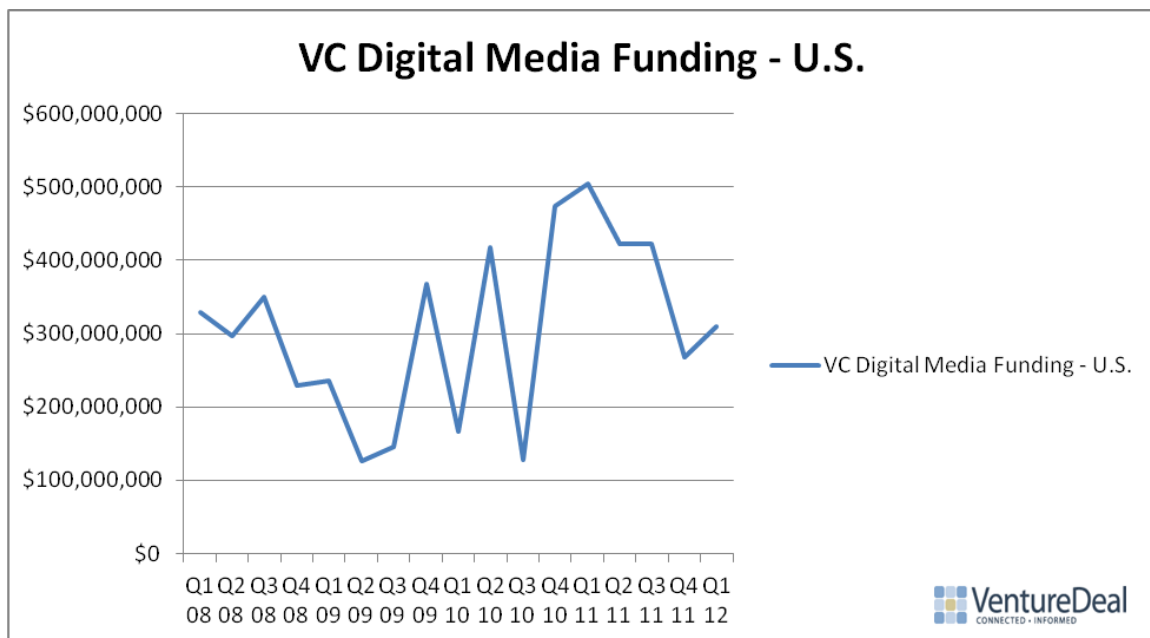
Digital media marketplace company [Access Media 3](#) garnered \$30 million of venture capital equity and debt in the largest round of the quarter. AM3 said it would use the financing to "fuel both organic growth and strategic acquisitions."

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2012 VentureDeal. Some Rights Reserved.

In the data space, [Adara Media](#) secured \$12.4 million in financing from a syndicate of venture capital firms. Adara has developed technology that uses proprietary data and audience segmentation to make display advertising more effective for advertisers. The company said it would use the financing to invest in its targeting platform as well as expand into new verticals.

Video sharing site [Viddy](#) landed \$6 million in its first round of institutional and strategic VC. Viddy will use the financing to accelerate its international expansion efforts and create an iPad version of its application.

Chart 2 - Digital Media Funding



eCommerce

The eCommerce sector reversed its previous quarterly downward trend, with 10 companies receiving a total of \$109 million in funding,

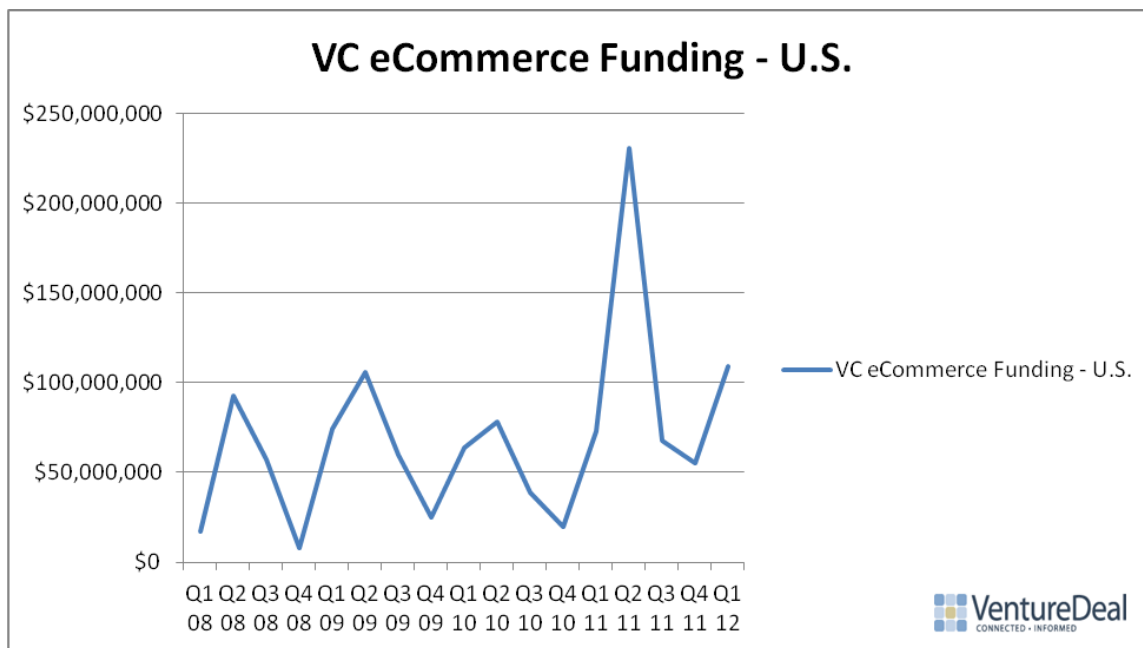
This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2012 VentureDeal. Some Rights Reserved.

an increase of 100% in financing amounts versus the previous quarter's tally.

Online payments company [Boku](#) raised \$35 million for its service "to bring bank-grade payment technology to mobile users" in order to make it easy to pay for digital goods and experiences. The company is backed by a "who's-who" of top-tier venture capital firms.

Des Moines Iowa-based [Dwolla](#) garnered \$5 million in its second institutional VC round. Dwolla said that it would use the additional funding, which was supplied by noted Internet investor [Union Square Ventures](#) and others, to continue product development for its community-focused payment technology.

Chart 3 - eCommerce Funding



This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2012 VentureDeal. Some Rights Reserved.

Software

During the quarter, Software company fundings represented the second-largest sector (behind Internet), raising \$931 million between 134 companies. This activity represented an increase of 12% in total funding amounts and no change in the number of companies funded.

The average financing round size registered an increase, from \$6.2 million in Q4 2011 to \$6.9 million in the current quarter. There were a total of 10 series A funding rounds during the quarter, the most prevalent disclosed funding stage.

Seattle, Washington-based [Placed](#) garnered \$3.4 million in its first institutional round. The company said it would use the financing to open up its "Placed for Developers" service that is designed to help application developers better understand location analytics.

[Stitch Labs](#) received \$1 million in seed financing from [True Ventures](#) and others. The company ambitiously aims to provide small businesses with a variety of software to integrate their many tasks into a unified system.

The largest financing round of the quarter for a software company went to [Appirio](#), which raised \$60 million in its fourth institutional venture capital financing round. The company said it would use the financing proceeds to fund potential M&A and continued product development for its crowdsourcing development platform.

Chart 4 - Software Funding – Next Page

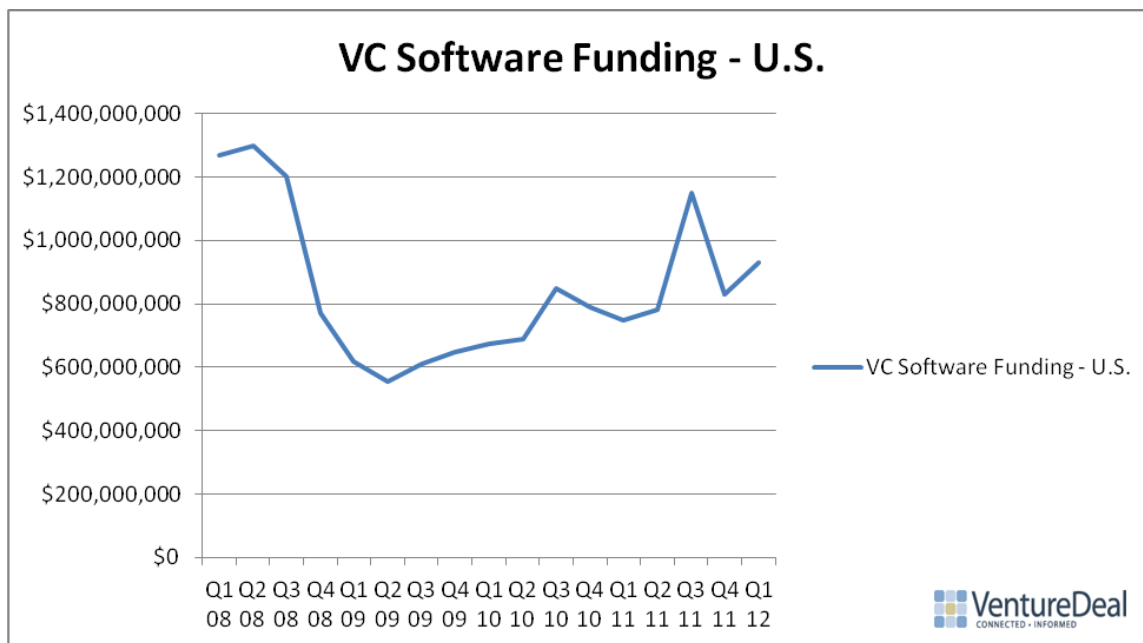
Chart 4 - Software Funding


Table 1

Venture Funding Activity – 1st Quarter 2012

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$958 million	- 40%	201	- 17%
Digital Media	\$310 million	+ 16%	46	- 12%
eCommerce	\$109 million	+ 100%	10	- 38%
Software	\$931 million	+ 12%	134	--
Total	\$2.31 billion	- 16%	391	- 12%

This material has been prepared and issued by VentureDeal, LLC. The information contained herein is based on current information that VentureDeal considers reliable, but we make no representation that it is accurate or complete, and it should not be relied upon as such. It is provided with the understanding that VentureDeal is not acting in a fiduciary capacity. © 2012 VentureDeal. Some Rights Reserved.

Notes

This report was prepared by the staff of [VentureDeal](#).

The information source used was the VentureDeal database. VentureDeal is a venture capital database that provides the latest information about venture-backed technology Companies, venture capital firms and transactions in The United States.

The database obtains transaction and company information from a wide variety of reputable public and private sources. While this report is free of charge, users may view the individual transactions supporting the totals herein by subscribing to VentureDeal.

This publication may be re-produced or re-transmitted for non-commercial purposes, subject to the copyright notice herein.

While all attempts have been made to verify information provided in this publication, neither the author nor the publisher assumes any responsibility for errors, omissions or contrary interpretation of the subject matter herein.

This publication is not intended for use as a source of any advice such as legal, medical, or accounting. The information contained herein may be subject to varying international, federal, state and/or local laws or regulations. The purchaser or reader of this publication assumes responsibility for the use of these materials and information. Adherence to all applicable laws and regulations, including international, federal, state and local, governing professional licensing, business practices, advertising and all other aspects of doing business in the US, Canada or any other jurisdiction is the sole responsibility of the purchaser or reader. Neither the author nor the Publisher assume any responsibility or liability whatsoever on the behalf of any purchaser or reader of these materials.