



Venture Capital Funding Quarterly

**Internet • Digital Media
eCommerce • Software**

1st Quarter, 2013 – United States

Publisher

[VentureDeal](#)

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Summary

During the first quarter of 2013, 538 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$3.8 billion in venture capital funding in the aggregate, an increase of 36% in total funding amounts versus 4Q 2012 and virtually unchanged in the number of companies funded. Most of the funding amount increase was due to a single \$794 million transaction for [SurveyMonkey](#).

The Internet, Digital Media and Ecommerce sectors showed increases in funding amounts. The Software sector indicated a slight decrease in aggregate funding.

Funding Activity

Internet

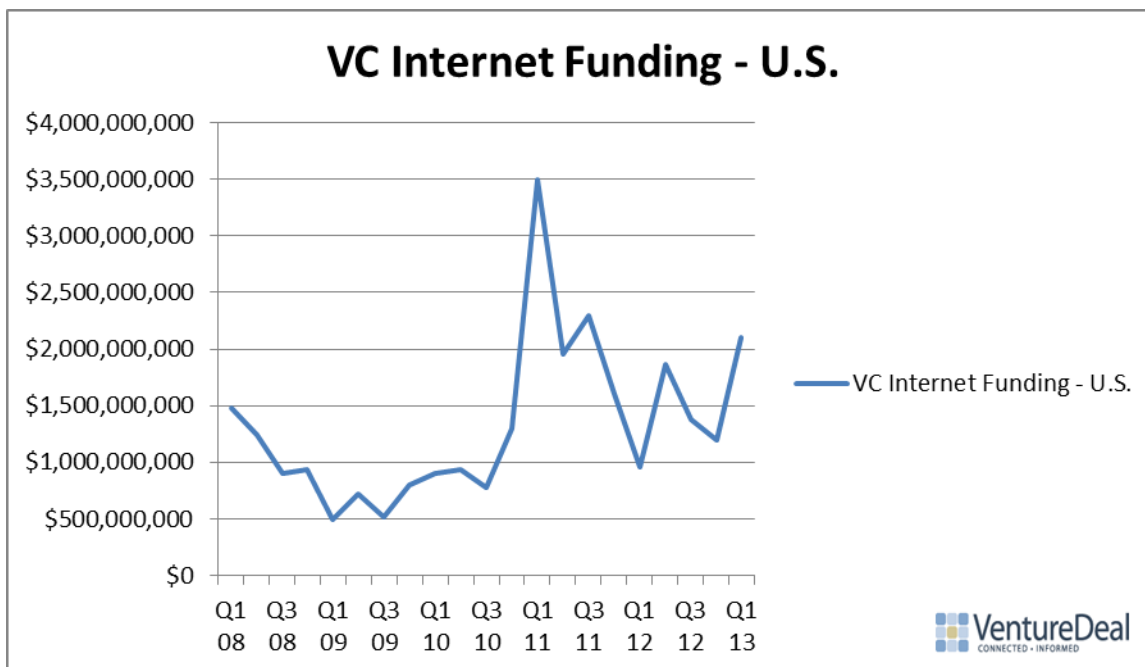
Internet sector company fundings reversed their previous quarterly decrease by registering a funding percentage increase of 75%, mostly due to the aforementioned SurveyMonkey transaction. The sector received \$2.1 billion in venture capital funding during the quarter, allocated among 241 companies – a decrease by one company funded vs. 4Q 2012.

Consumer Internet company [Pinterest](#) secured the second largest funding during the quarter, receiving \$200 million in new equity financing for its fourth institutional round. Included in the investor syndicate was [Andreessen Horowitz](#). The company will likely use the proceeds for continued development and international expansion opportunities.

At the seed stage, New York-based [Bombfell](#) raised \$730,000 financing from a large syndicate of early stage and individual investors. The company is commercializing a service that enables men to receive clothing chosen for them by stylists via a monthly subscription.

Controversial Internet television company [Aereo](#) landed \$38 million from a syndicate of venture capital firms and steady backer [IAC](#). If the company successfully prevails in its multiple lawsuit defense from free-over-the-air television networks, it will attempt to expand its service to 22 major US cities in 2013.

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Chart 1 – Internet Funding


Digital Media

Digital Media funding reversed its recent quarterly trend of aggregate decreases. Digital Media companies for the purposes of VentureDeal's definition are generally either video/casual game developers or online advertising networks. Total funding increased quarter over quarter by 12% to \$359 million, with 74 companies being funded, an increase of 4% in companies funded versus the previous quarter.

Digital technology company [Tongal](#) raised \$15 million during the quarter from [Insight Venture Partners](#) to build out its global community for creative types and support its expansion plans.

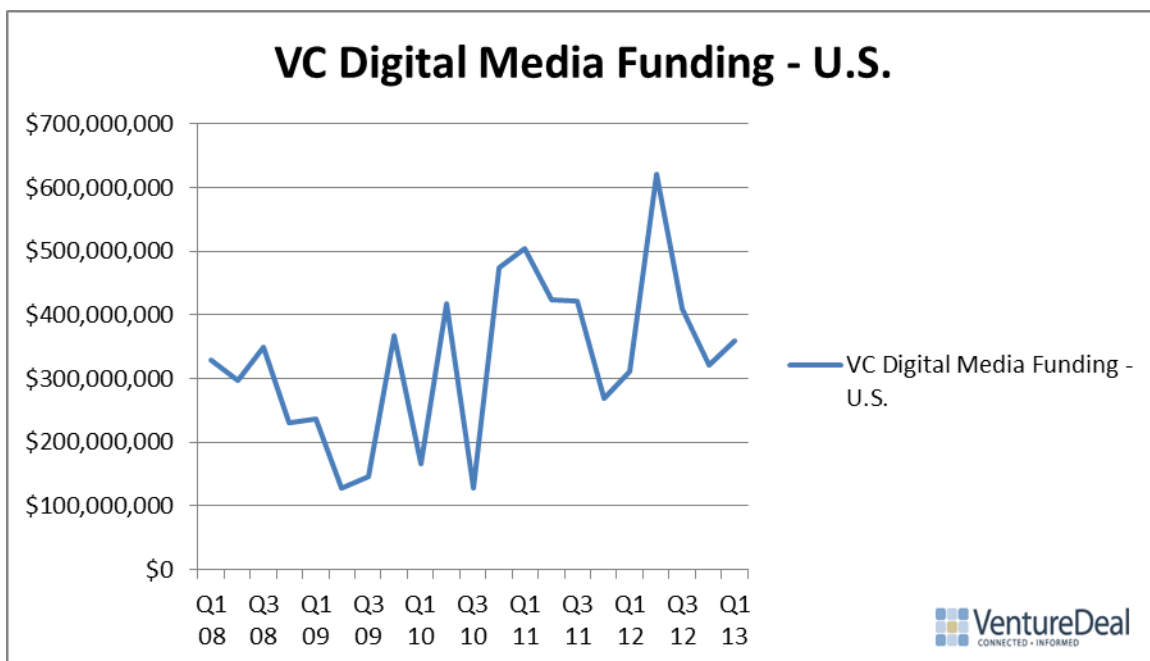
In the gaming space, [Playnomics](#) secured \$5 million in Series B financing from investors including [FirstMark Capital](#). The company is

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developing data solutions for game developers and players in order to maximize engagement and enjoyment.

California-based [MediaShift](#) received nearly \$7 million in venture capital debt financing, according to an SEC regulatory filing. The company provides digital advertising technology that monetizes private Internet networks focused on mobile consumers. MediaShift was still seeking an additional \$1.5 million in debt financing as of the filing date, 3/28/2013.

Chart 2 - Digital Media Funding



eCommerce

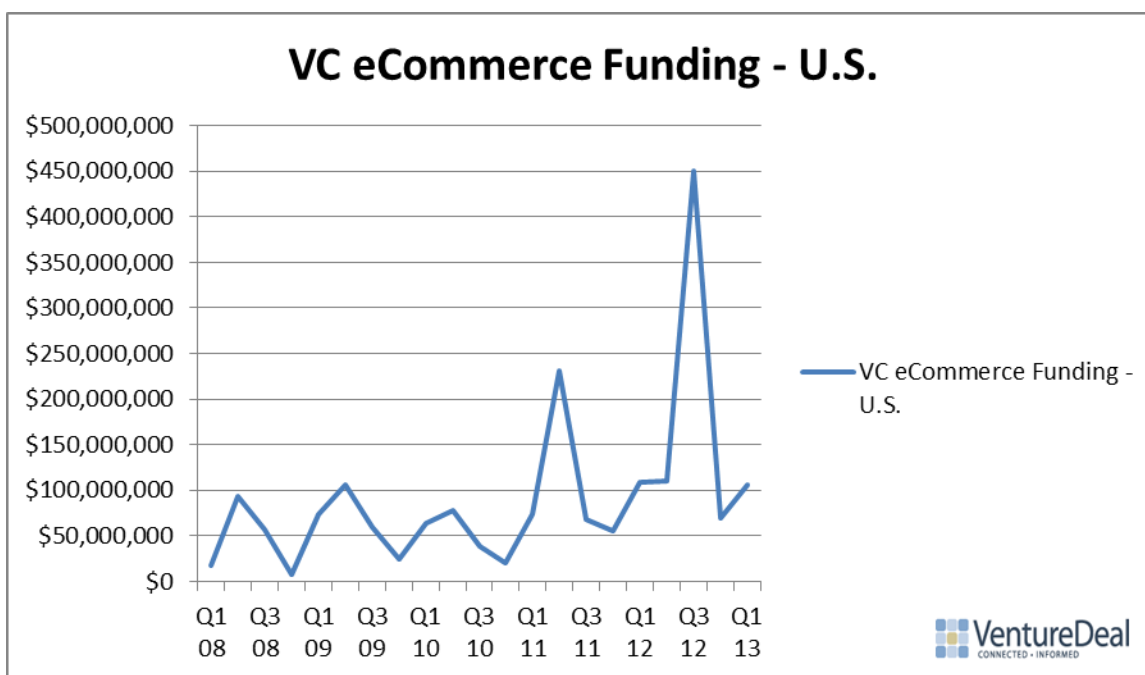
The eCommerce sector sharply increased its quarterly funding level, with 29 companies receiving a total of \$106 million in funding, representing a 51% increase in financing amounts versus the previous quarter's tally.

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Online payment processing company [Hybris](#) raised \$30 million in an expansion funding round from venture capital and private equity investors. The company will use the financing to expand its business in North America and Europe and to create services for more vertical applications.

There were plenty of seed round financings during the quarter. Digital currency company [BitPay](#) garnered attention from angels and VCs, raising at least \$510,000 to develop reliable technologies that enable businesses and individuals to transact in Bitcoin virtual currencies.

Chart 3 - eCommerce Funding



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Software

During the quarter, Software company fundings represented the second largest sector of the grouping, raising \$1.23 billion between 194 companies. This activity represented a decrease of 2% in total funding amount and a 1% increase in the number of companies funded.

The average financing round size registered little change, coming in at \$6.34 million versus \$6.47 million in the previous quarter.

Rails development software company [New Relic](#) of San Francisco, California secured \$80 million from a large syndicate of private equity and venture capital firm investors. The company said it would use the funding to fuel its global sales growth initiatives and expand into the mobile market, in preparation for a future IPO.

[Google Ventures](#) was active during the quarter, investing in the seed financing round for [Data Tamer](#), a company that is developing cloud-based tools for extracting, transforming and loading data (ETL).

Salt Lake City, Utah-based [Health Catalyst](#) raised a combined \$41 million in its Series B round from a number of venture capital and corporate investors. The company said it will use the financing to help meet the demand for its healthcare record database management software.

Chart 4 - Software Funding – Next Page

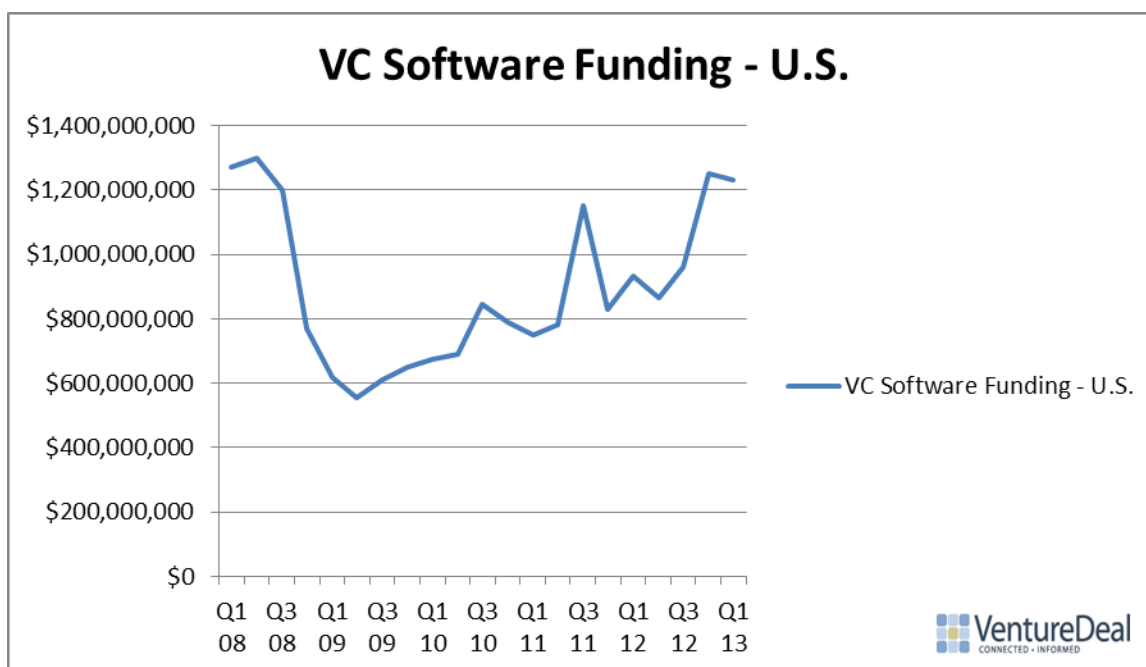
Chart 4 - Software Funding


Table 1

Venture Funding Activity – 1st Quarter 2013

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$2.1 billion	+ 75%	241	--
Digital Media	\$359 million	+ 12%	74	+ 4%
eCommerce	\$106 million	+ 51%	29	+ 71%
Software	\$1.23 billion	- 2%	194	+ 1%
Total	\$3.8 billion	+ 36%	538	+ 3%

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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.

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