



Venture Capital Funding Quarterly

**Internet • Digital Media
eCommerce • Software**

2nd Quarter, 2012 – United States

Publisher

[VentureDeal](#)

Contents

Summary	2
Funding Activity	2
Notes	8

Summary

During the second quarter of 2012, 494 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$3.46 billion in venture capital funding in the aggregate, up 50% in total funding amounts versus 1Q 2012 and up 26% in the number of companies funded.

Only the Software sector showed a decrease in funding amount. The Digital Media and Internet sectors indicated large increases in aggregate funding amounts, with the eCommerce sector flat. All sectors showed an increase in the number of companies funded.

Funding Activity

Internet

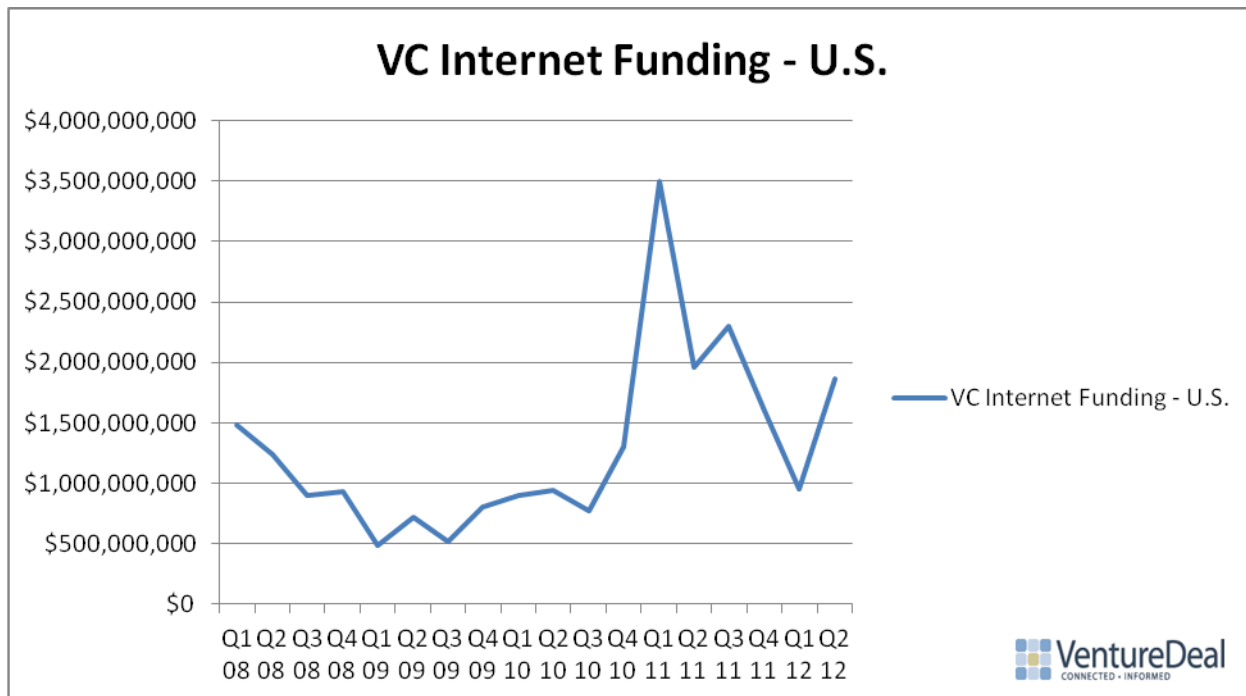
Internet sector company fundings reversed their previous quarterly decrease by registering a funding amount percentage increase of 95%. The sector received \$1.86 billion in venture capital funding during the quarter, allocated among 263 companies – an increase of 31% in the number of companies funded.

[Fanatics.com](#) secured the largest funding round during the quarter, receiving \$150 million in its series E round from a syndicate that included successful venture capital firm [Andreessen Horowitz](#). The company is an online retailer of officially licensed sports merchandise for professional sports leagues, teams and collegiate athletic programs.

Online travel website [Hipmunk](#) raised \$15 million in its series B round. The company said proceeds would be used to "hire additional engineers, and for business development and marketing." Hipmunk has raised approximately \$20 million in venture capital investment to date.

Mobile-only consumer social networking company [Pair](#) landed \$4.2 million in seed funding for its sharing application for couples. Investors included notable Silicon Valley angel investors. The company said it would use the funding to continue product development.

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Chart 1 – Internet Funding


Digital Media

Digital Media funding continued its recent quarterly trend funding increases. 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 100% to \$621 million, with 76 companies being funded, an increase of 65% in companies funded versus the previous quarter.

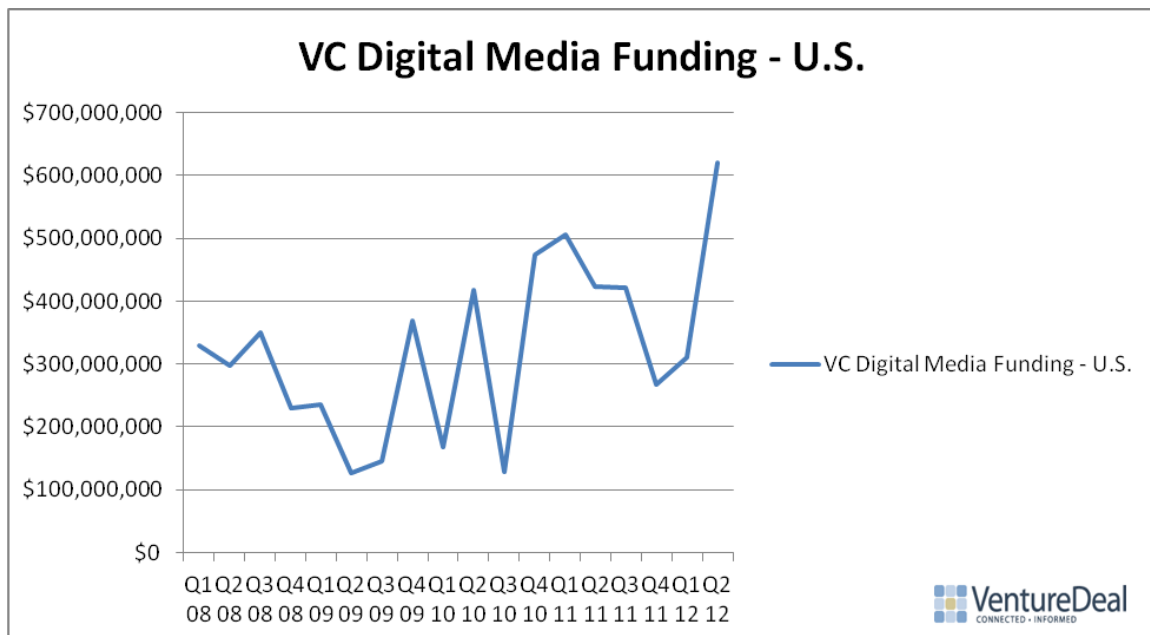
Digital media infrastructure service provider [Avail-TVN](#) garnered \$100 million of venture capital equity and debt in the largest round of the quarter. Avail said it would use the financing to fund its international expansion and develop new products and services.

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In the data space, [BrightTag](#) secured \$15 million in financing from a syndicate of venture capital and private equity firms. BrightTag has created technology that enables advertisers to improve their ability to use data for marketing efforts. The company said it would use the financing to invest in its targeting platform as well as expand into new geographical markets.

[Gradient X](#) landed \$3.75 million in seed round from a large syndicate of venture capital investors. The company is in the process of developing a platform that will "unlock the performance advertising potential of the mobile media space for marketers."

Chart 2 - Digital Media Funding



eCommerce

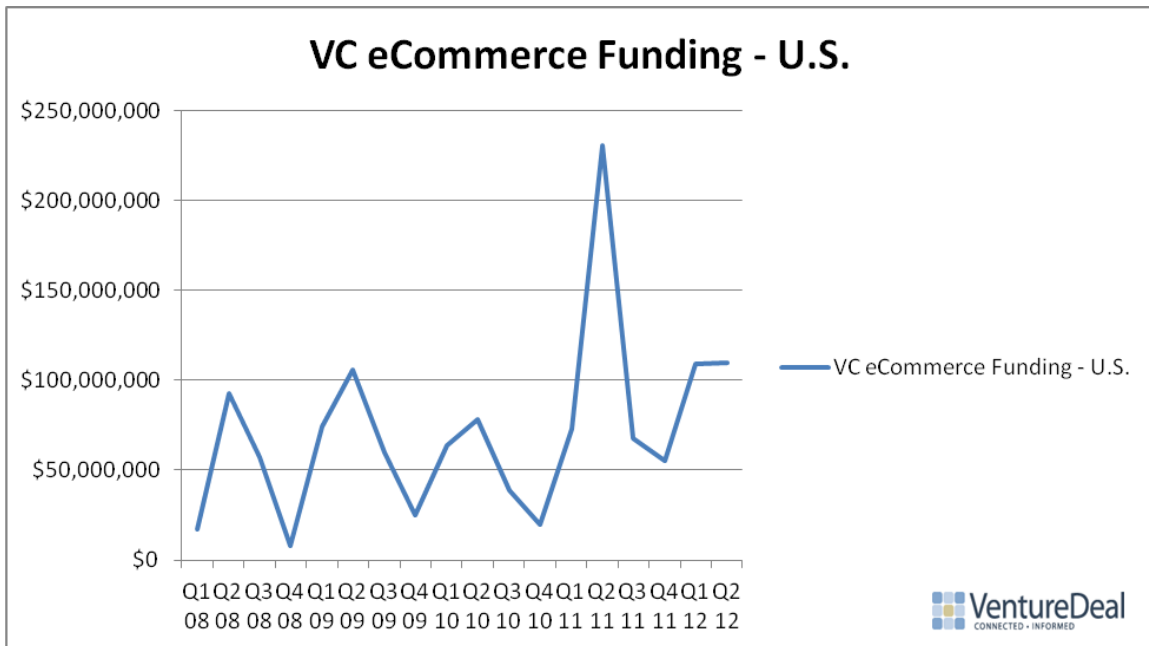
The eCommerce sector maintained its previous quarterly funding level, with 18 companies receiving a total of \$110 million in funding, representing no change in financing amounts versus the previous quarter's tally.

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Online payments company [FastPay](#) raised \$25 million for its service that helps online companies speed up their receivables conversion to cash process. The company is backed by corporate investors including [Wells Fargo Bank](#).

New York-based [Jirafe](#) garnered \$7 million in its first institutional VC round. The company has developed an eCommerce analytics service for online stores and is backed by top-tier early-stage investors, such as [Foundry Group](#) and [First Round Capital](#).

Chart 3 - eCommerce Funding



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Software

During the quarter, Software company fundings represented the second-largest sector of this grouping (behind Internet), raising \$864 million between 137 companies. This activity represented a decrease of 7% in total funding amounts and little change in the number of companies funded.

The average financing round size registered no change, remaining at \$6.3 million in the current quarter. There were a total of 12 series A funding rounds during the quarter, the most prevalent disclosed funding stage.

Boulder, Colorado-based [Standing Cloud](#) garnered \$2 million in its first institutional round primarily from the [Foundry Group](#). The company is developing a platform to enable users to quickly and easily run their open source applications in the cloud.

[Clarizen](#) received \$12 million in series E financing from a syndicate of venture capital firms including [Benchmark Capital](#). The company said it will use the funding for expansion, partnerships and end-user product development initiatives.

The largest financing round of the quarter for a software company went to [Palantir Technologies](#), which raised \$56 million from undisclosed investors, according to an SEC regulatory filing. Palantir has developed software that improves information analysis and management of large networks of heterogeneous information sources.

Chart 4 - Software Funding – Next Page

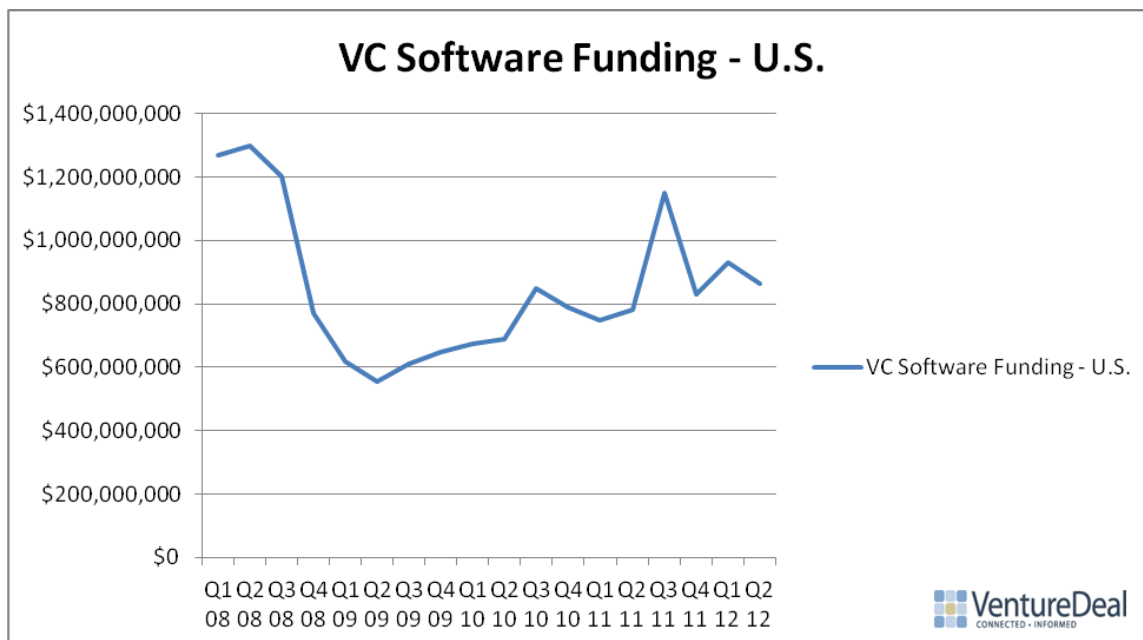
Chart 4 - Software Funding


Table 1

Venture Funding Activity – 2nd Quarter 2012

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$1.86 billion	+ 95%	263	+ 31%
Digital Media	\$621 million	+ 100%	76	+ 65%
eCommerce	\$110 million	--	18	+ 80%
Software	\$864 million	- 7%	137	+ 2%
Total	\$3.46 billion	+ 50%	494	+ 26%

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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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