



# Venture Capital Funding Quarterly

**Internet • Digital Media  
eCommerce • Software**

2<sup>nd</sup> Quarter, 2013 – United States

**Publisher**

[VentureDeal](#)

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## Summary

During the second quarter of 2013, 591 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$3.9 billion in venture capital funding in the aggregate, an increase of 3% in total funding amounts versus 1Q 2013 and a 10% increase in the number of companies funded.

The Digital Media and Software sectors showed increases in funding amounts. The Internet and eCommerce sectors indicated decreases in aggregate funding.

## Funding Activity

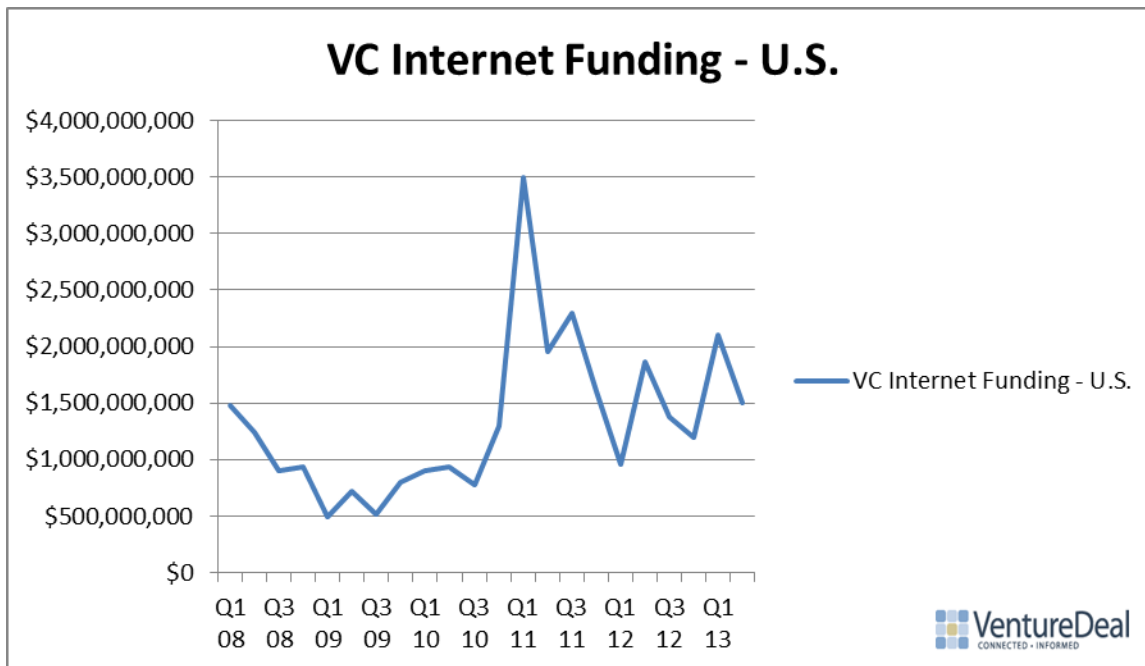
### Internet

Internet sector company fundings reversed their previous quarterly increase by registering a funding percentage decrease of 29%. The sector received \$1.5 billion in venture capital funding during the quarter, allocated among 256 companies – an increase in the number of companies funded by 6% vs. 1Q 2013.

Jacksonville, Florida-based [Fanatics.com](#) secured the largest funding during the quarter, receiving \$170 million in new equity financing from undisclosed investors. The company is an online retailer of officially licensed sports merchandise for professional sports leagues, collegiate athletic programs and other sports properties.

At the seed stage, New York-based [Sunrise](#) raised \$2.2 million in financing from a large syndicate of early stage and individual investors. The company is commercializing an improved calendar application for Google Calendar and ultimately other calendar service users.

In the consumer healthcare information space, [Vitals.com](#) secured \$22 million in its third round of institutional venture capital and private equity investment. Vitals.com is developing a service to provide consumers with tools to “make intelligent, informed decisions about which doctor to choose.” The company said it would use the funding to expand its rapidly growing consumer footprint.

**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 55% to \$558 million, with 77 companies being funded, an increase of 4% in companies funded versus the previous quarter.

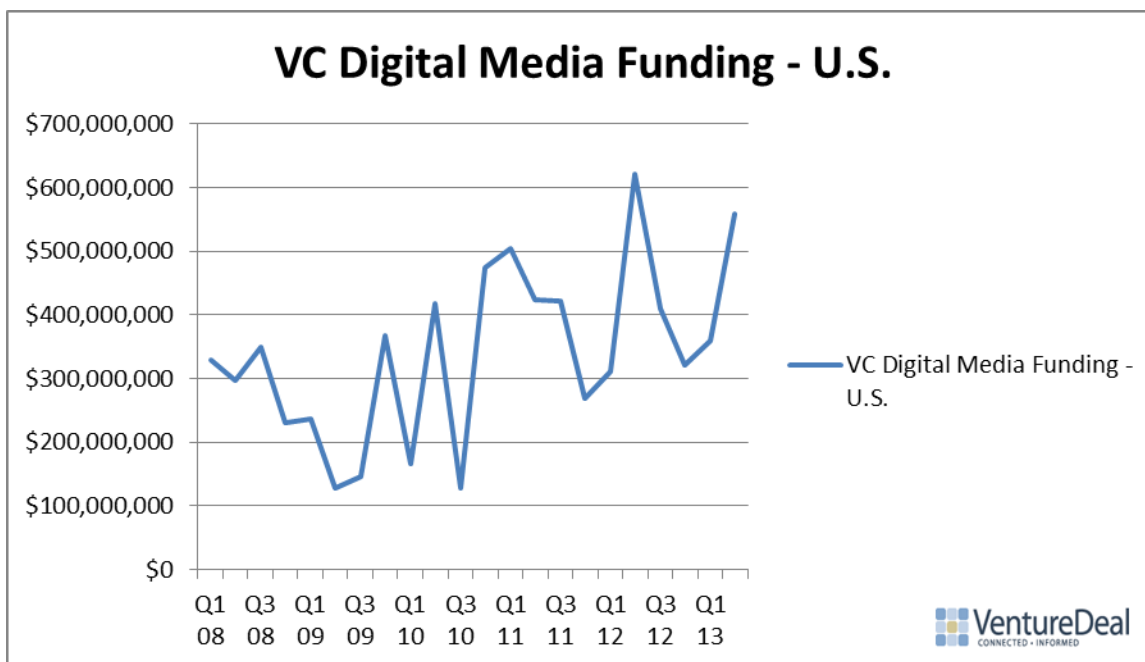
Digital advertising technology company [Videology](#) raised \$60 million during the quarter from a venture capital and corporate investor syndicate. The company intends to use the financing to continue building out its service and expand into select global markets.

In the gaming space, [TopLine Game Labs](#) secured \$25 million in new financing. TopLine is developing gaming franchises in the fantasy sports and stock market entertainment sectors.

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California-based [Inkling](#) received \$16 million in venture capital financing, according to an SEC regulatory filing. The company is creating partnerships with major publishing houses to create interactive titles to replace traditional textbooks and other legacy printed learning materials.

**Chart 2 - Digital Media Funding**



## eCommerce

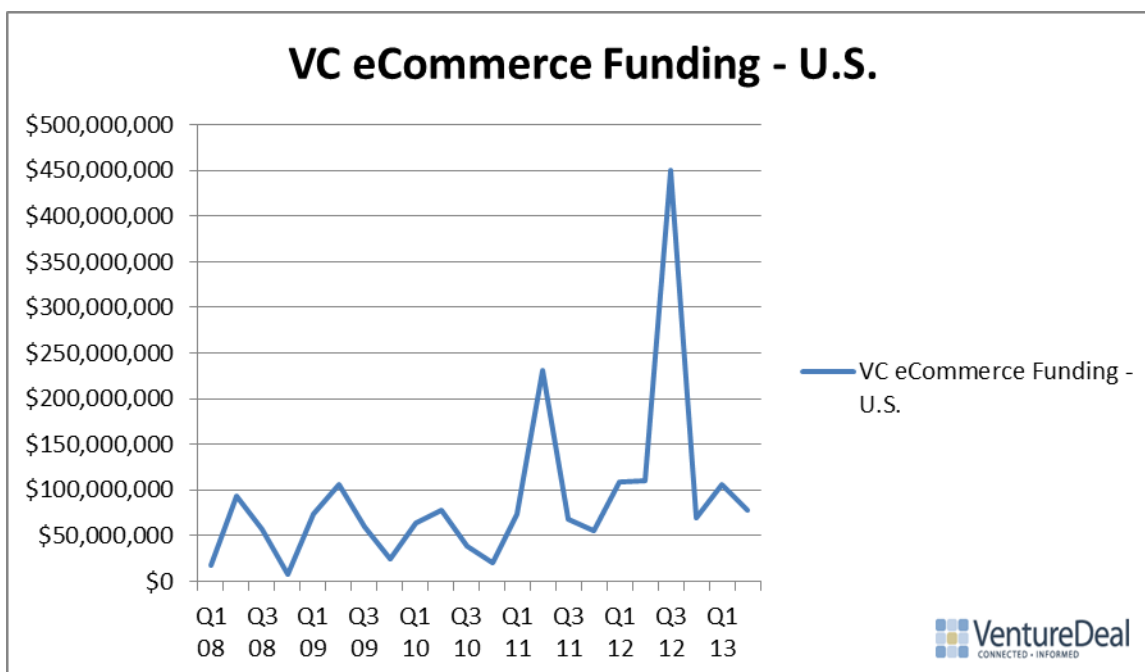
The eCommerce sector decreased its quarterly funding level, with 33 companies receiving a total of \$78 million in funding, representing a 26% decrease in financing amounts versus the previous quarter's tally.

Online payment processing company [Dwolla](#) raised \$16.5 million in an expansion funding round from venture capital investors including [Andreessen Horowitz](#). The company has developed a payment service that simplifies the process for merchants and individuals to transfer money.

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At the seed stage, Los Angeles, California-based [BuyReply](#) garnered \$1 million for its technology that enables transactions using email, SMS and Twitter from any Internet connected device. Specific proceeds purposes were not disclosed by the company.

**Chart 3 - eCommerce Funding**



## Software

During the quarter, Software company fundings represented the largest sector of the grouping, raising \$1.73 billion between 225 companies. This activity represented an increase of 41% in total funding amount and a 16% increase in the number of companies funded.

The average financing round size registered a significant uptick, coming in at \$7.69 million versus \$6.34 million in the previous quarter.

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Palo Alto, California-based [Hortonworks](#) landed \$50 million in venture capital investment. The company provides service solutions for the Apache Hadoop open source database software. Investors in the round included a variety of venture capital firms and strategic investor [Yahoo!](#). The company said it would use the funding to fuel its global field operations initiatives and continue to invest in its engineering resources.

[Clean Power Finance](#) secured an undisclosed amount of corporate investment from [Duke Energy](#). Clean Power provides integrated software services and financing solutions that connects the solar industry with capital markets and provides residential solar professionals with access to solar financing and software.

In the healthcare vertical, [COMS Interactive](#) raised \$21 million from a single investor. COMS provides software to the skilled nursing, assisted living and home care markets. The company said it would use the financing proceeds to support further expansion of its products and service offerings as well as redemption of a portion of its common stock holdings.

Analytics technology company [GoodData](#) received \$22 million in its Series D financing round from top-tier venture capital and corporate investors. GoodData has developed collaborative analytics for the business intelligence (BI) market and plans to use the proceeds to expand into Latin America and increase investments in R&D and marketing initiatives.

#### **Chart 4 - Software Funding – Next Page**

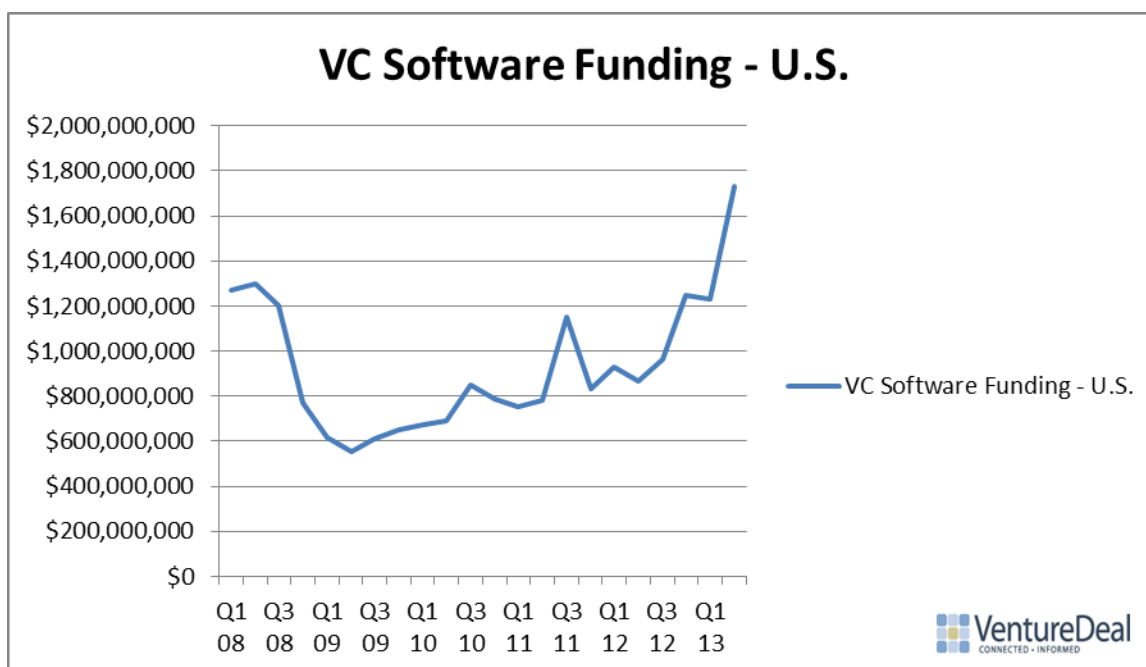
**Chart 4 - Software Funding**


Table 1

**Venture Funding Activity – 2<sup>nd</sup> Quarter 2013**

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$1.5 billion	- 29%	256	+ 6%
Digital Media	\$558 million	+ 55%	77	+ 4%
eCommerce	\$78 million	- 26%	33	+ 41%
Software	\$1.73 billion	+ 41%	225	+ 16%
<b>Total</b>	<b>\$3.9 billion</b>	<b>+ 3%</b>	<b>591</b>	<b>+ 10%</b>

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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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