



# Venture Capital Funding Quarterly

**Internet • Digital Media  
eCommerce • Software**

3<sup>rd</sup> Quarter, 2011 – United States

**Publisher**  
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## Contents

|                  |   |
|------------------|---|
| Summary          | 2 |
| Funding Activity | 2 |
| Notes            | 7 |

## Summary

During the third quarter of 2011, 451 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$3.94 billion in venture capital funding in the aggregate, up 16% in total funding amounts versus Q2 and down 2% in the number of companies funded.

Of the four sectors, eCommerce and Digital Media showed a decrease in funding amounts. Software and Internet sectors showed meaningful increases in funding amounts, with a 47% and 18% increase in venture capital dollars into those sectors respectively. Only the Software sector showed an increase in the number of companies funded during the quarter.

## Funding Activity

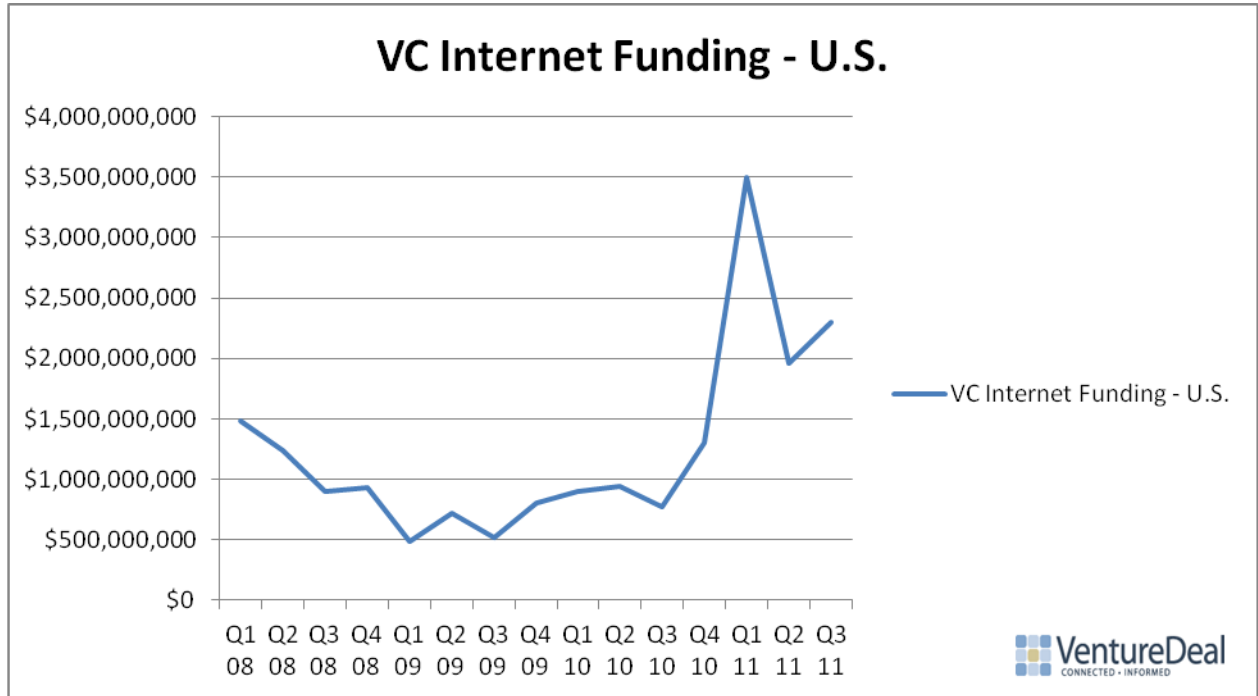
### Internet

Internet sector company fundings reversed their previous quarterly decrease by registering a dollar percentage increase of 18%. The sector received \$2.3 billion in venture capital funding during the quarter, allocated among 221 companies – a decrease of .9% in the number of companies funded.

[Twitter](#) and [TrueCar](#) secured the largest funding round amounts during the quarter, receiving \$400 million and \$200 million respectively. Twitter received its latest round of funding from a group of investors led by late stage investor [DST Global](#). TrueCar raised funding from a syndicate of private equity, venture capital and venture debt firms that it said would be used for growth and acquisition initiatives. TrueCar aggregates automobile sales data as a competitor to [Kelley Blue Book](#) and also sells cars online.

Startup company [Gojee](#) secured \$1.2 million in seed financing for its food and recipe site that encourages users to photograph food and share it around a social network of sorts. [Kapor Capital](#) led the round, which included other Angel investors.

Flash sales retailer [One Kings Lane](#) landed \$40 million in its third round of financing from private equity and venture capital firms and said it would be used for "continued investment in the business."

**Chart 1 – Internet Funding**


## Digital Media

Digital Media funding reversed its previous quarter funding increase. Digital Media companies for the purposes of VentureDeal's definition are generally either video/casual game developers or advertising networks. Total funding decreased quarter over quarter by .2% to \$422 million, with 49 companies being funded, a decrease of 29% versus the previous quarter.

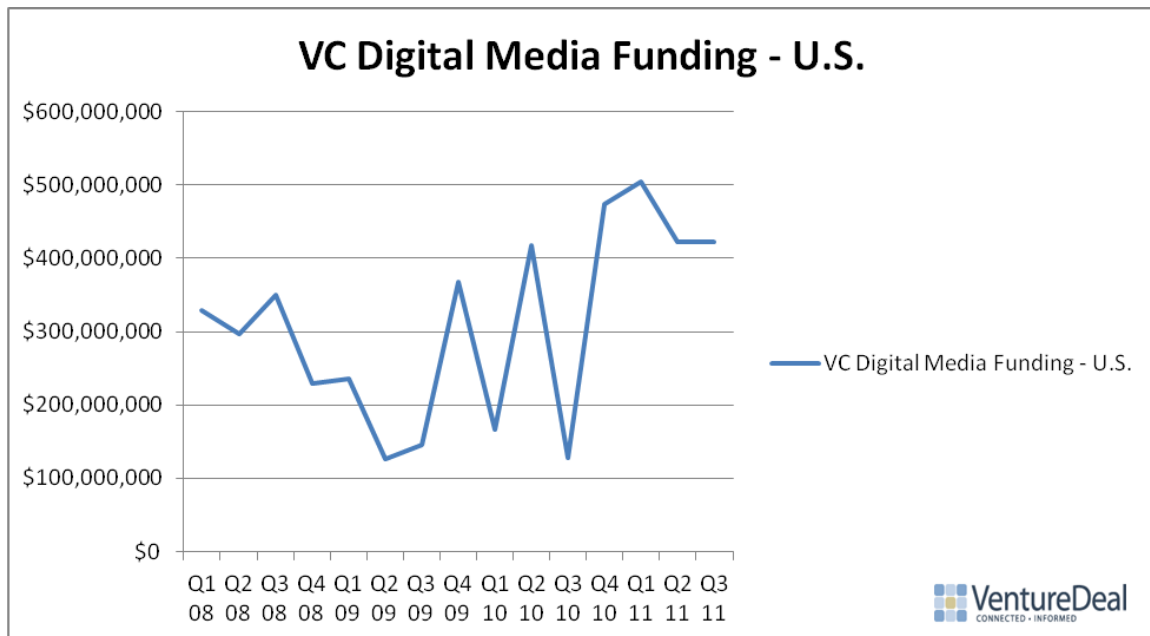
[TouchTunes Interactive Networks](#) received \$45 million in venture capital and private equity funding. TouchTunes operates what it says is the largest interactive out-of-home entertainment network in North America. The company said it would use the financing to support its growth strategy and expand its product and service offerings.

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Early-stage startup [One on One Ads](#) landed an undisclosed amount of series A funding. The company is developing technologies to help users easily create online video commercials that are compatible with a variety of mobile devices.

[Roku](#) received \$8 million in fourth round venture capital financing, according to an SEC regulatory filing. Roku develops what it calls "innovative and easy to use digital media products." The company was still seeking an additional \$750,000 in financing as of the filing date in August.

**Chart 2 - Digital Media Funding**



## eCommerce

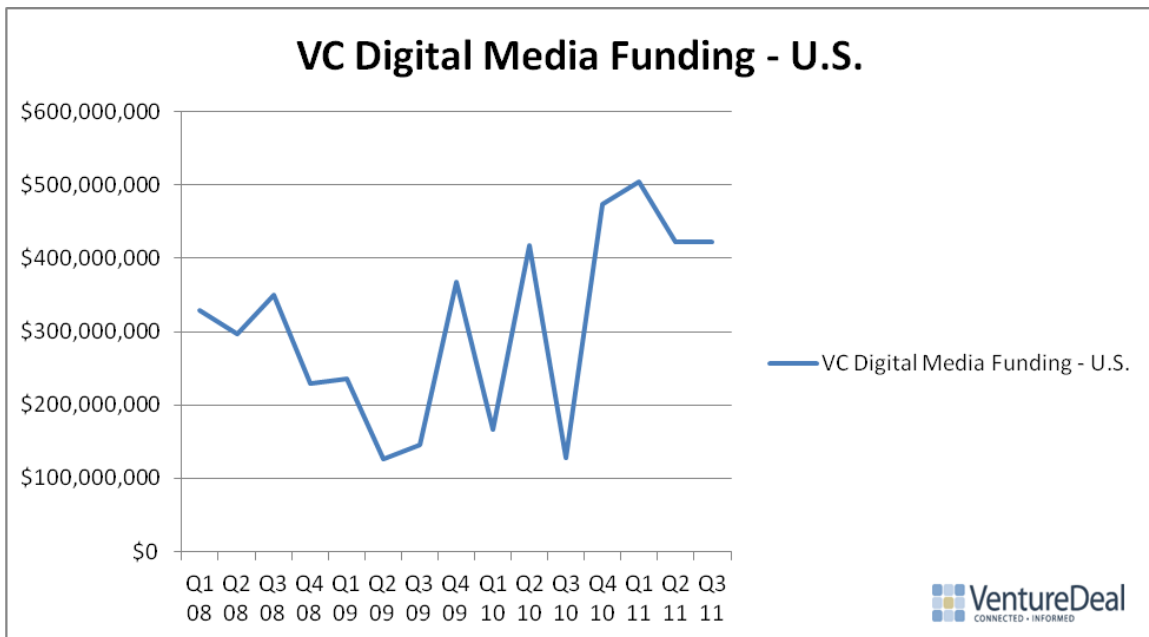
The eCommerce sector reversed its previous quarterly upward trend, with 14 companies receiving a total of \$68 million in funding, a decrease of 71% in financing amounts versus the previous quarter's tally.

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[BigCommerce](#) of Austin, Texas and Sydney, Australia raised \$15 million in its first institutional round from [General Catalyst Partners](#). The company has developed technology that makes it easier to set up a professional online store without coding or design experience. It said it would use the funds to expand its headcount and accelerate introduction of enterprise-level features to small business customers.

King of Prussia, Pennsylvania-based [Greenphire](#) secured \$1.5 million in its series A financing to support the recent launch of its clinical industry payment and communications technology. The company was backed by [FirstMark Capital](#).

**Chart 3 - eCommerce Funding**



**Software**

During the quarter, Software company fundings represented the second-largest sector, raising \$1.15 billion between 167 companies. This activity represented an increase of 47% in total funding amounts and an increase of 15% in the number of companies funded.

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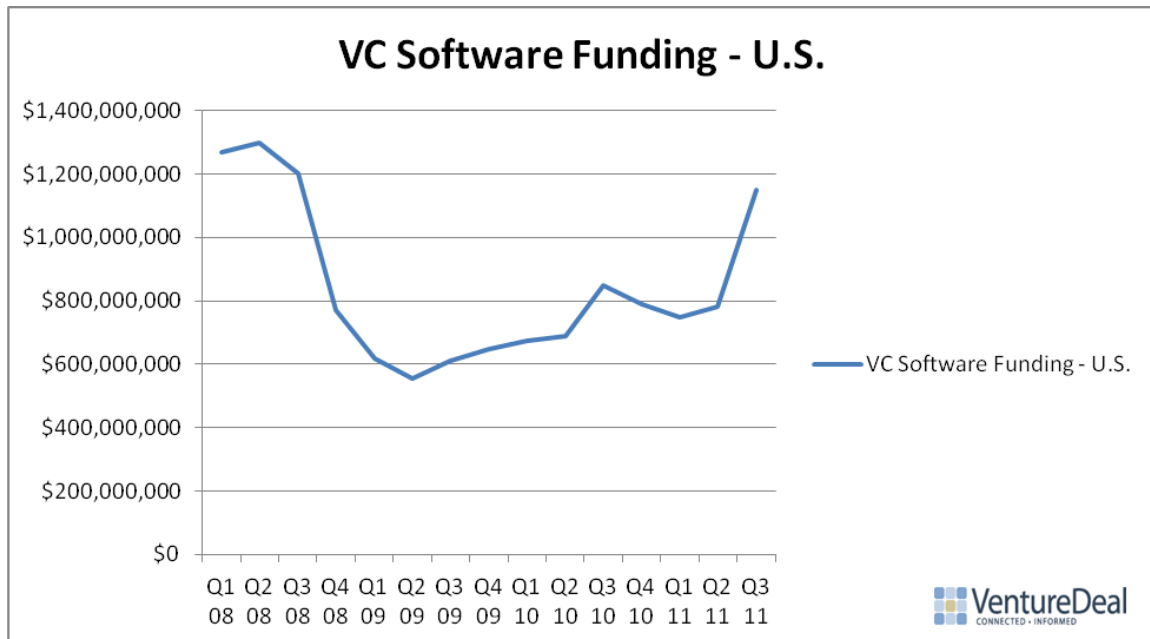
The average financing round size registered an increase, from \$5.4 million in Q2 11 to \$6.9 million in the current quarter. There were a total of 17 series B funding rounds during the quarter, the most prevalent disclosed funding stage.

[Inrix](#) received \$37 million in fourth round venture capital financing for its software that provides real-time, predictive traffic services for businesses and individuals. The company said it would use the investment to fuel its acquisition efforts and continue global expansion.

Technology predictive software company [Quid](#), of San Francisco, California, garnered \$10 million in its series C round from a syndicate of venture capital and Angel investors. Quid sells its software to large technology firms, such as [Microsoft](#), who wish to perform market analyses in-house.

Fairfax, Virginia-based [Razorsight](#) secured \$12 million in its second round of financing, which included venture capital debt provider [Square 1 Bank](#). The company provides software that enables enterprises to eliminate paper and automate invoice processing. Razorsight said it would use the financing to fuel its international growth plans.

**Chart 4 - Software Funding**



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Table 1

## Venture Funding Activity – 3<sup>rd</sup> Quarter 2011

| <b>Industry</b> | <b>Total Disclosed Funding</b> | <b>% Change Vs. Prior Quarter</b> | <b>Number of Companies Funded</b> | <b>% Change vs. Prior Quarter</b> |
|-----------------|--------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Internet        | \$2.3 billion                  | + 18%                             | 221                               | - .9%                             |
| Digital Media   | \$422 million                  | - .2%                             | 49                                | - 29%                             |
| eCommerce       | \$68 million                   | - 71%                             | 14                                | - 36%                             |
| Software        | \$1.15 billion                 | + 47%                             | 167                               | + 15%                             |
| <b>Total</b>    | <b>\$3.94 billion</b>          | <b>+ 16%</b>                      | <b>451</b>                        | <b>- 2%</b>                       |

### 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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