



Venture Capital Funding Quarterly

**Internet • Digital Media
eCommerce • Software**

3rd Quarter, 2012 – United States

Publisher

[VentureDeal](#)

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Summary

During the third quarter of 2012, 482 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$3.2 billion in venture capital funding in the aggregate, down 7% in total funding amounts versus 2Q 2012 and down 2% in the number of companies funded.

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

Funding Activity

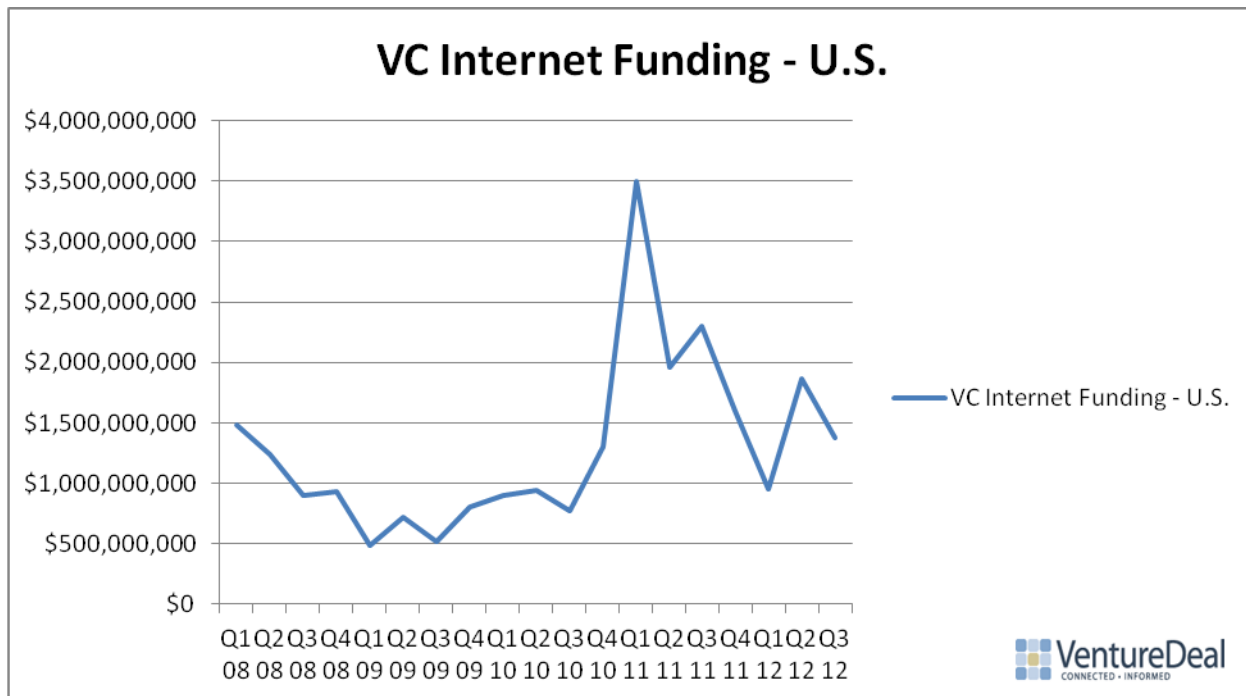
Internet

Internet sector company fundings reversed their previous quarterly increase by registering a funding amount percentage decrease of 26%. The sector received \$1.38 billion in venture capital funding during the quarter, allocated among 230 companies – a decrease of 13% in the number of companies funded.

[Fab](#) secured the largest funding round during the quarter, receiving \$105 million in its series C round from a large venture capital and private equity syndicate that included successful venture capital firm [Andreessen Horowitz](#). The company is an online retailer of a variety of products.

[Scopely](#) raised \$8.5 million in early-stage financing. The company is developing a platform that empowers developers to more easily create and market social games to large audiences. Scopely is backed by a syndicate of well-known venture capital firms.

Online finance site [Kabbage](#) landed \$30 million in its third round of funding. The company provides financing for established online product sellers. Investors included corporate investor UPS Strategic Enterprise Fund.

Chart 1 – Internet Funding


Digital Media

Digital Media funding reversed its recent quarterly trend of funding increases. 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 34% to \$409 million, with 73 companies being funded, a decrease of 4% in companies funded versus the previous quarter.

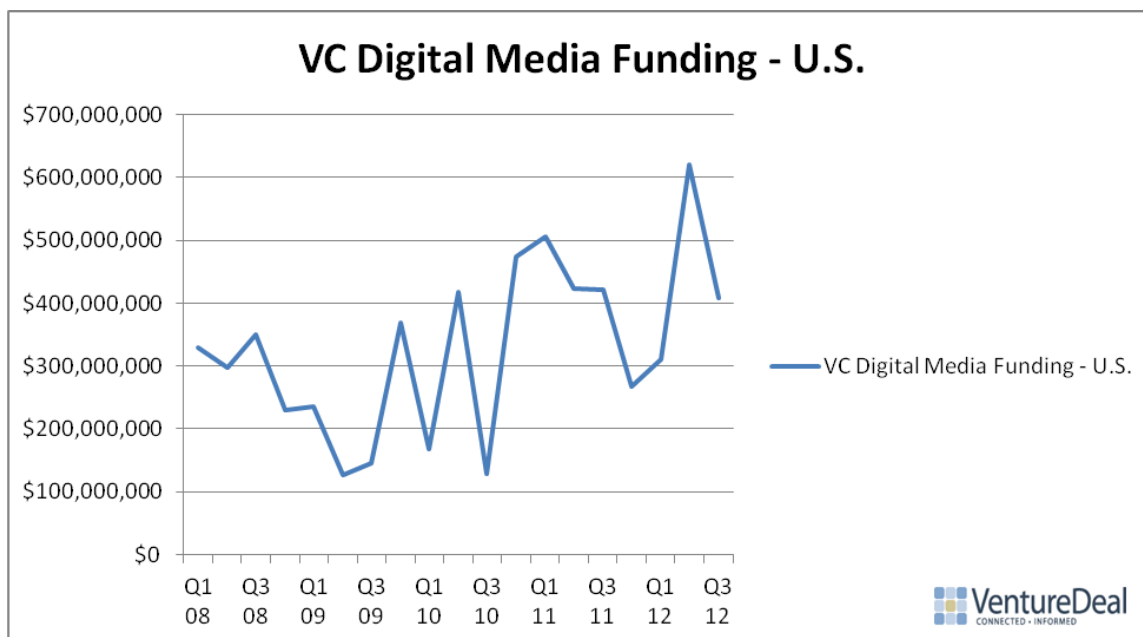
Digital video equipment maker [Roku](#) landed \$45 million in the largest corporate and venture capital financing. The Saratoga, California-based company said it would use the financing for international expansion and additional features such as pay-per-view and content packaging.

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In the data space, [SCOPIX](#) secured \$4.8 million in financing, according to an SEC filing. The company provides retailers and CPG companies with intelligent video analytics that helps them maximize customer experience throughout store. SCOPIX was still seeking \$1 million in additional financing as the SEC filing date of 7/16/2012.

Austin, Texas-based [Portalarium](#) landed \$7 million in financing from a syndicate of venture capital investors. The company is developing premium online games and virtual worlds for social and mobile platforms.

Chart 2 - Digital Media Funding



eCommerce

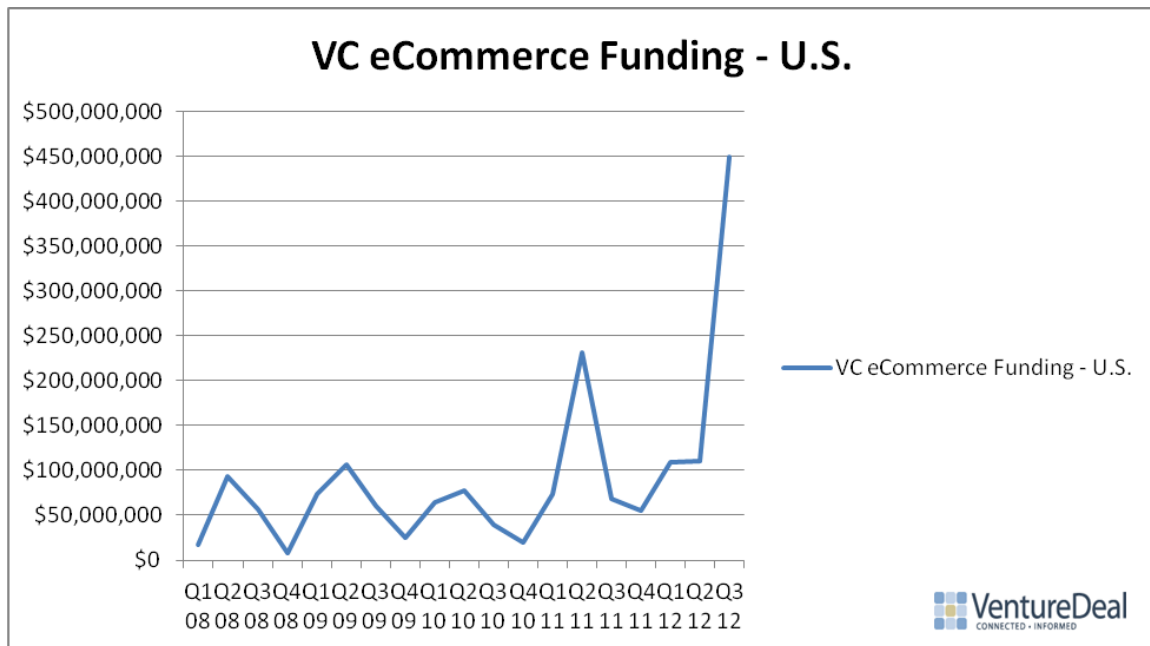
The eCommerce sector sharply increased its quarterly funding level, with 29 companies receiving a total of \$409 million in funding, representing a 309% increase in financing amounts versus the previous quarter's tally.

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Mobile payments company [Square](#) raised \$200 million in its Series D from venture capital and corporate investors. Just prior to the announcement, Square announced a strategic alliance with [Starbucks](#), who also participated in the financing round.

Student loan facilitator [Social Finance](#) garnered \$77.2 million from investors that included China's largest social networking service, [Renren](#). SoFi has developed an innovative lending solution that connects students seeking school loans with alumni investors. The company said it would use the financing to expand its service beyond the 78 schools currently using it.

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 \$962 million between 150 companies. This activity represented an increase of 11% in total funding amounts and a 9% increase in the number of companies funded.

The average financing round size registered a significant decrease, coming in at \$6.4 million versus \$7.9 million in the previous quarter. There were a total of 15 series B funding rounds during the quarter, the most prevalent disclosed funding stage.

[Coaxis](#) of Portland, Oregon garnered \$76 million in venture capital equity and debt financing, the largest round of the quarter in the sector. The company has a vertical market software development approach and is focused on the construction software industry.

Chicago, Illinois-based [Procured Health](#) received \$1.1 million in seed financing from a syndicate of venture capital and private equity firms. The company is developing software that helps hospitals discover and evaluate the efficacy of various medical devices in order to drive savings.

[Medallia](#) raised \$35 million to continue commercializing its Customer Feedback Management Solution that helps enterprises more efficiently capture and manage customer feedback to improve their operations. [Sequoia Capital](#) made the investment.

Chart 4 - Software Funding – Next Page

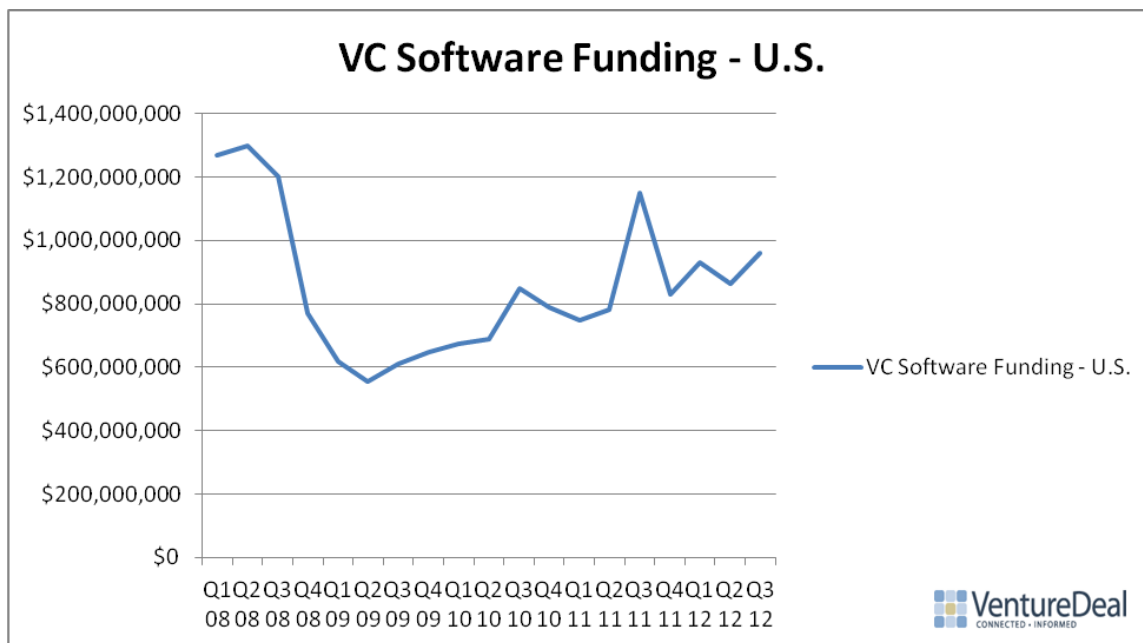
Chart 4 - Software Funding


Table 1

Venture Funding Activity – 3rd Quarter 2012

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$1.38 billion	- 26%	230	- 13%
Digital Media	\$409 million	- 34%	73	- 4%
eCommerce	\$450 million	+ 309%	29	+ 56%
Software	\$962 million	+ 11%	150	+ 9%
Total	\$3.2 billion	- 7%	482	- 2%

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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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