



Venture Capital Funding Quarterly

**Internet • Digital Media
eCommerce • Software**

4th Quarter, 2011 – United States

Publisher
[VentureDeal](#)

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Summary

During the fourth quarter of 2011, 444 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$2.75 billion in venture capital funding in the aggregate, down 30% in total funding amounts versus 3Q and down 2% in the number of companies funded.

All four sectors showed a decrease in funding amounts. The Internet, Digital Media and eCommerce sectors indicated meaningful increases in the number of companies funded, at +10%, +6%, +14% respectively. The number of Software companies funded dropped by 20%.

Funding Activity

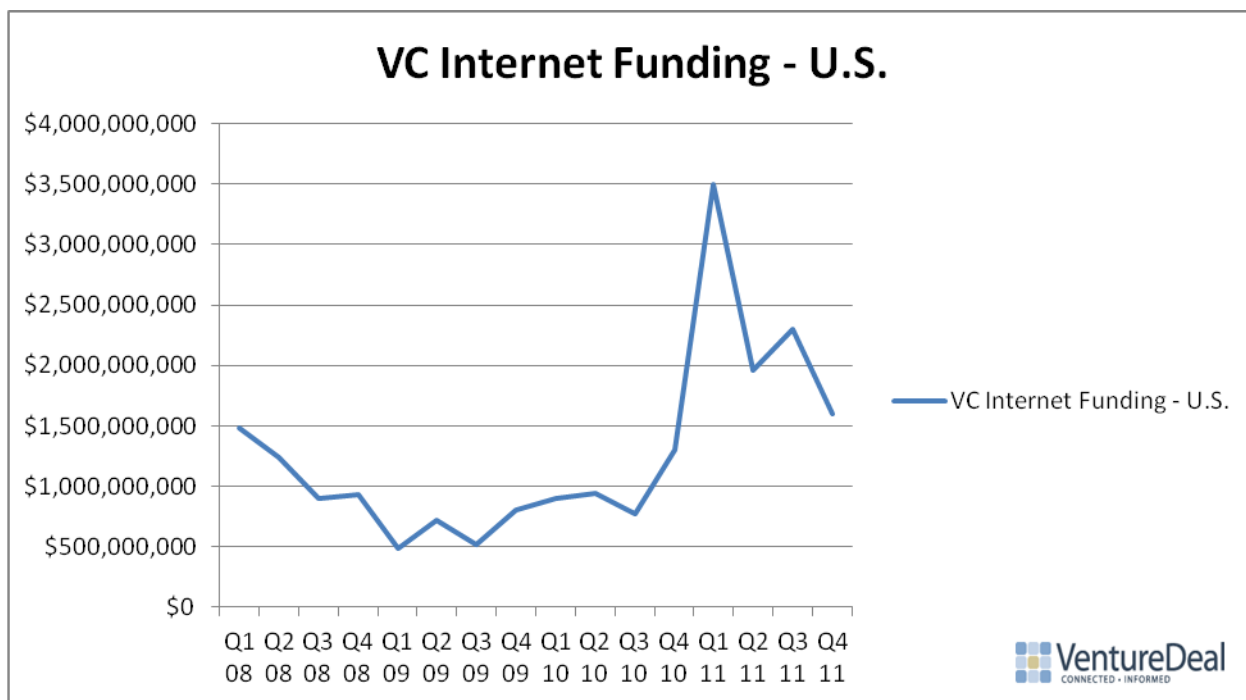
Internet

Internet sector company fundings reversed their previous quarterly increase by registering a dollar percentage decrease of 30%. The sector received \$1.6 billion in venture capital funding during the quarter, allocated among 242 companies – an increase of 10% in the number of companies funded.

[LivingSocial](#) secured the largest funding round amounts during the quarter, receiving a total of \$319 million according to SEC regulatory filings. The company is riding the social wave by creating a service that allows people to share and review a variety of entertainment and physical goods. LivingSocial is backed by a large syndicate of venture capital and strategic investors.

Photo collections site [Pinterest](#) garnered \$27 million from investors such as Andreessen Horowitz and others. The company intends to use the financing to keep up with the rapid adoption of the site and to grow its employee base.

Stealth startup [Airtime](#) landed \$8.3 million in its series A round from top-tier investors. Airtime is developing technology to help users expand their social network and says it will also include a live video chat component.

Chart 1 – Internet Funding


Digital Media

Digital Media funding continued its previous quarterly funding decrease. 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 36% to \$268 million, with 52 companies being funded, an increase of 6% in companies funded versus the previous quarter.

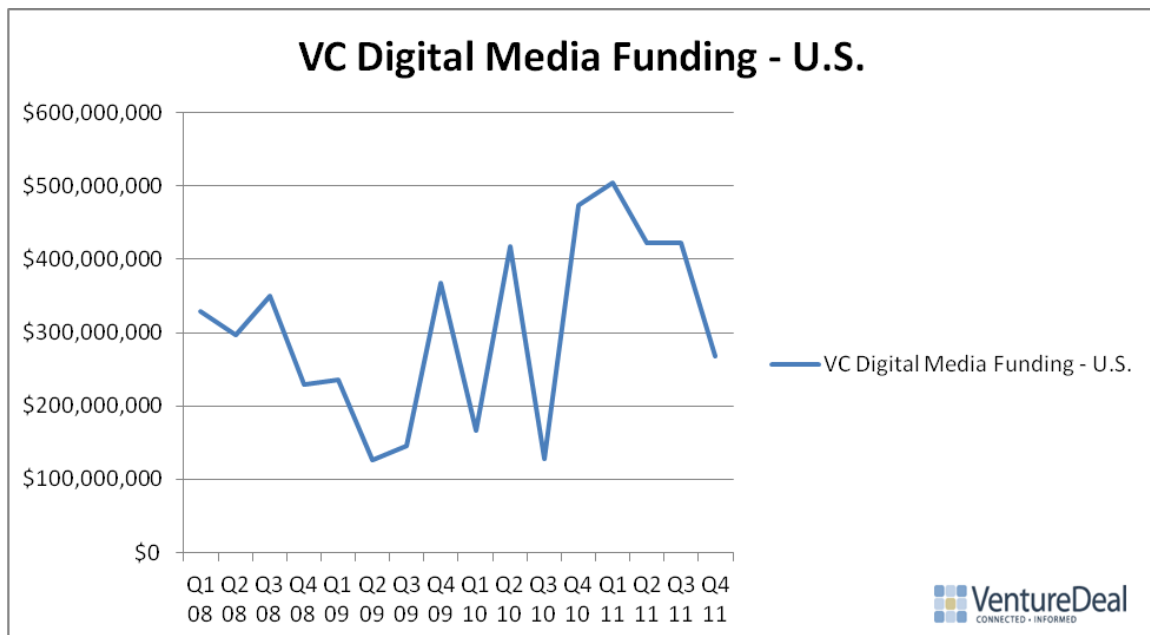
Video technology company [BrightRoll](#) raised the largest round of the quarter, receiving \$30 million in venture capital, private equity and venture capital debt funding. The company sells ad technology to major brands to help them execute smart video advertising campaigns across large websites in the USA.

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In the data space, [Cross Pixel](#) secured \$1.5 million in its first round of financing. Cross Pixel provides audience data for the online advertising industry that is in a “fully transparent” format.

Menlo Ventures invested in [Dropcam](#)’s \$8 million unpublished round. Dropcam enables people to use their smart phone or laptop to monitor surveillance videos of their home or business.

Chart 2 - Digital Media Funding



eCommerce

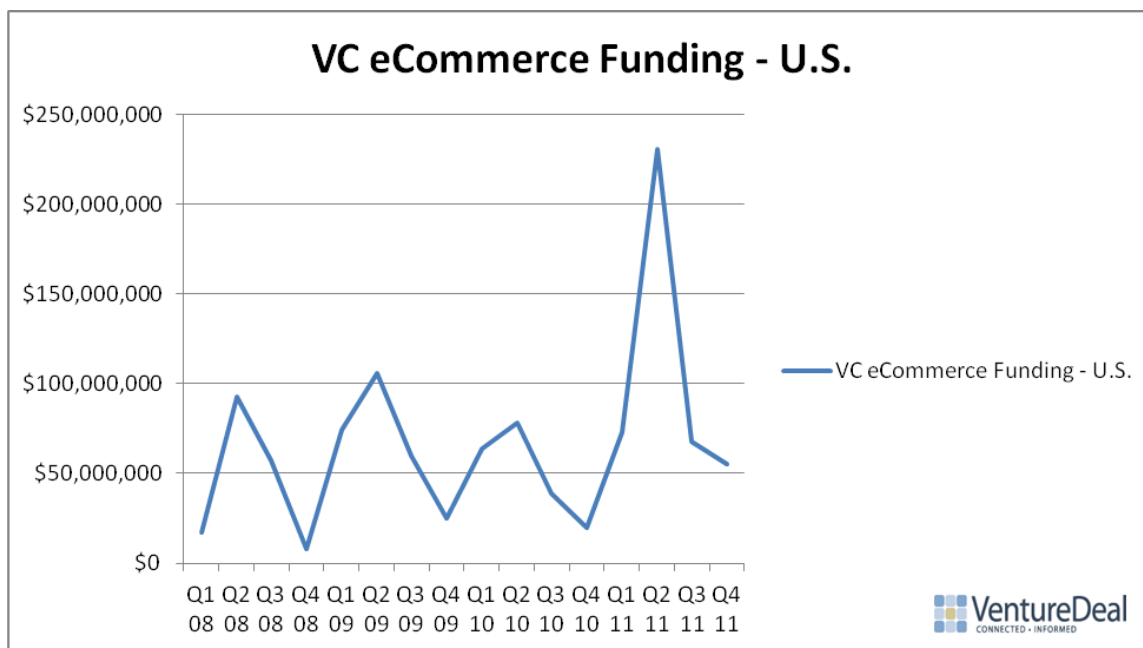
The eCommerce sector continued its previous quarterly downward trend, with 16 companies receiving a total of \$55 million in funding, a decrease of 19 % in financing amounts versus the previous quarter’s tally.

Money transfer service [Xoom](#) raised \$25 million, according to an SEC regulatory filing. The company has developed technology that makes it easy for consumers around the world to send money.

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Los Angeles, California-based [SteelHouse](#) secured \$6.3 million in its series B round from a syndicate of venture capital firms and Angel investors. The company has developed technologies for online marketers to provide them with data so they can deliver targeted ads in real-time.

Chart 3 - eCommerce Funding



Software

During the quarter, Software company fundings represented the second-largest sector, raising \$831 million between 134 companies. This activity represented a decrease of 28% in total funding amounts and a decrease of 20% in the number of companies funded.

The average financing round size registered a decrease, from \$6.9 million in Q3 to \$6.2 million in the current quarter. There were a total of 10 series B funding rounds during the quarter, the most prevalent disclosed funding stage.

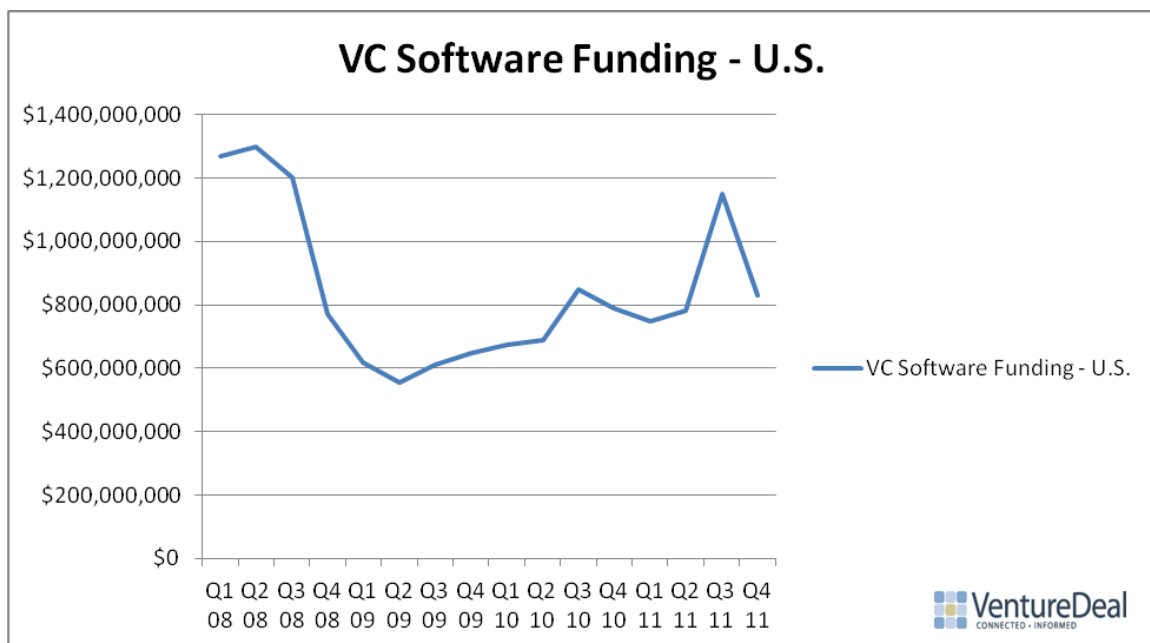
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Tiny [Comprehend](#) received \$1.2 million in seed financing round from Y Combinator, venture capital firms and angels. The company is developing tools for the clinical market that it believes will improve and accelerate clinical trials.

[GramercyOne](#) garnered \$14.5 million in its first venture investment round for its technology of cloud-based business management and marketing solutions for service businesses.

The largest financing round of the quarter for a software company went to [Workday](#). The company has created a human resource application aimed at medium and large businesses that want to shift to an on-demand model. The round was the company's sixth and included Bezos Expeditions, the investment vehicle for Jeff Bezos, founder of Amazon.com.

Chart 4 - Software Funding



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Table 1

Venture Funding Activity – 4th Quarter 2011

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$1.6 billion	- 30%	242	+ 10%
Digital Media	\$268 million	- 36%	52	+ 6%
eCommerce	\$55 million	- 19%	16	+ 14%
Software	\$831 million	- 28%	134	- 20%
Total	\$2.75 billion	- 30%	444	- 2%

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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