



Venture Capital Funding Quarterly

**Internet • Digital Media
eCommerce • Software**

4th Quarter, 2013 – North America

Publisher

[VentureDeal](#)

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Summary

During the fourth quarter of 2013, 609 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$4.5 billion in venture capital funding in the aggregate, an increase of 10% in total funding amounts versus 3Q 2013 and a 2% decrease in the number of companies funded.

All sectors showed increases in funding amounts as well as the number of companies funded with the exception of Digital Media, which posted lowered deal volume by 22% amid little change in the number of companies funded.

Funding Activity

Internet

Internet sector company fundings continued their previous quarterly increase by registering a funding percentage increase of 15%. The sector received \$1.79 billion in venture capital funding during the quarter, allocated among 250 companies – a decrease in the number of companies funded by 6% vs. 3Q 2013.

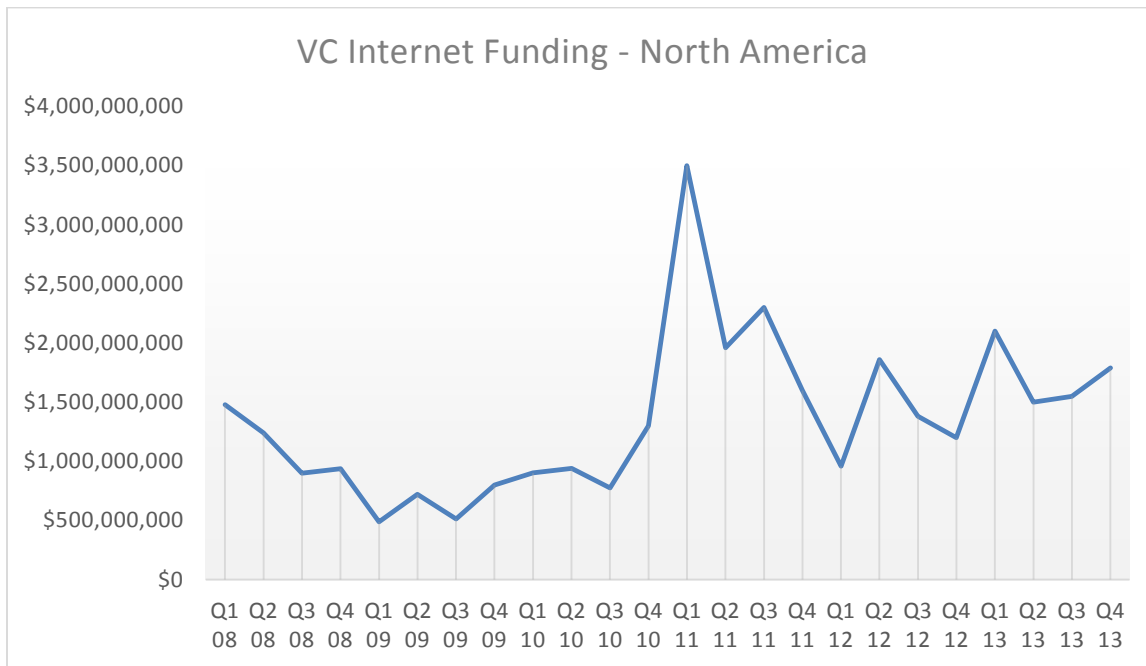
Palo Alto-based [Pinterest](#) secured the largest funding during the quarter, receiving \$225 million in an expansion round of financing from venture capital, private equity and strategic investors, at a reported valuation of \$3.8 billion. The company has created a site that enables users to “pin” and describe photographs of their interests. Specific proceeds purposes were not disclosed.

At the seed stage, [Happify](#) raised \$3.8 million in financing from undisclosed investors. The company is developing brain training activities and games that are based on what it calls “cutting-edge research by psychologists and neuroscientists from leading academic institutions around the world” to help users increase their happiness.

Internet technology company [Smartling](#) secured \$24 million in its third round of investment. The company helps website owners create multilingual sites that increase consumer purchases from multiple locales.

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Chart 1 – Internet Funding



Digital Media

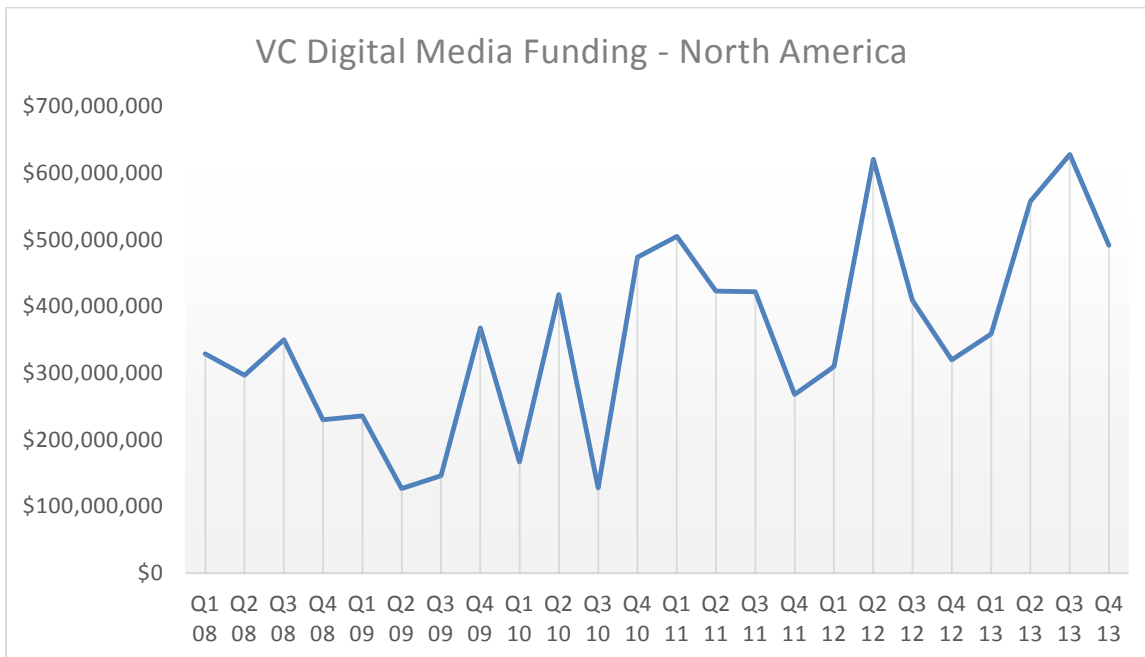
Digital Media funding reversed its recent quarterly trend of aggregate increases. Digital Media companies for the purposes of VentureDeal's definition are generally either video/casual game developers or online advertising networks. Total funding decreased quarter over quarter by 22% to \$492 million, with 86 companies being funded, an increase of 4% in companies funded versus the previous quarter.

Chicago, Illinois-based [BrightTag](#) raised \$27 million during the quarter from corporate and other investors. The company helps customers manage online tags and remove third party tags for improved marketing data collection processes.

At the seed stage, San Francisco-based [Pixlee](#) received \$1.5 million in financing. Pixlee connects brands with customers through the use of "social photos and videos."

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Chart 2 - Digital Media Funding



eCommerce

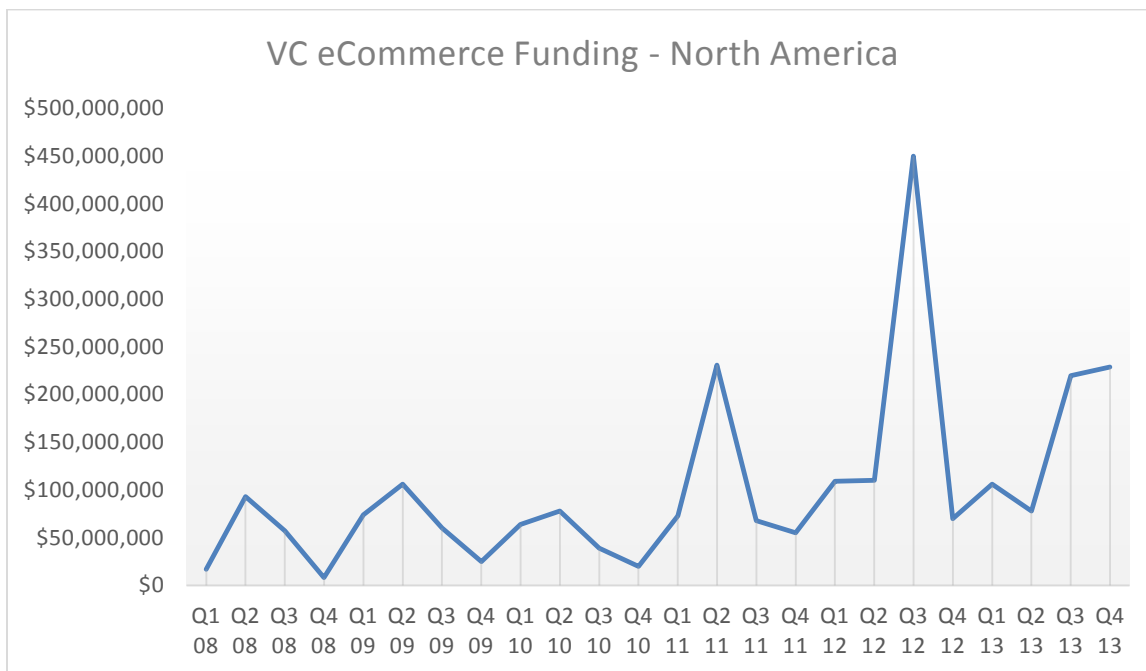
The eCommerce sector increased its quarterly funding level, with 30 companies receiving a total of \$229 million in funding, representing a 4% increase in financing amounts versus the previous quarter’s tally.

Online store enabling company [Shopify](#) raised \$100 million from a syndicate of investors for its Series C financing round. The company has developed a service that makes it easy for retailers to set up an online store. The company was valued at approximately \$1 billion, according to press reports.

Durham, North Carolina-based [Spreedly](#) landed \$500,000 during the quarter. The company is developing what it calls a “simple, elegant subscription management service.” It didn’t say how it would use the funding proceeds.

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Chart 3 - eCommerce Funding



Software

During the quarter, Software company fundings represented the largest sector of the grouping, raising \$1.99 billion between 243 companies. This activity represented an quarterly increase of 14% in total funding amounts and a 6% increase in the number of companies funded.

Arlington, Virginia-based [Evolent Health](#) received \$100 million in financing commitments for its software that “helps progressive healthcare systems lead, build and own the path to value-based care.” The company said it would use the proceeds to build out its population health and risk management platform and broaden its national network.

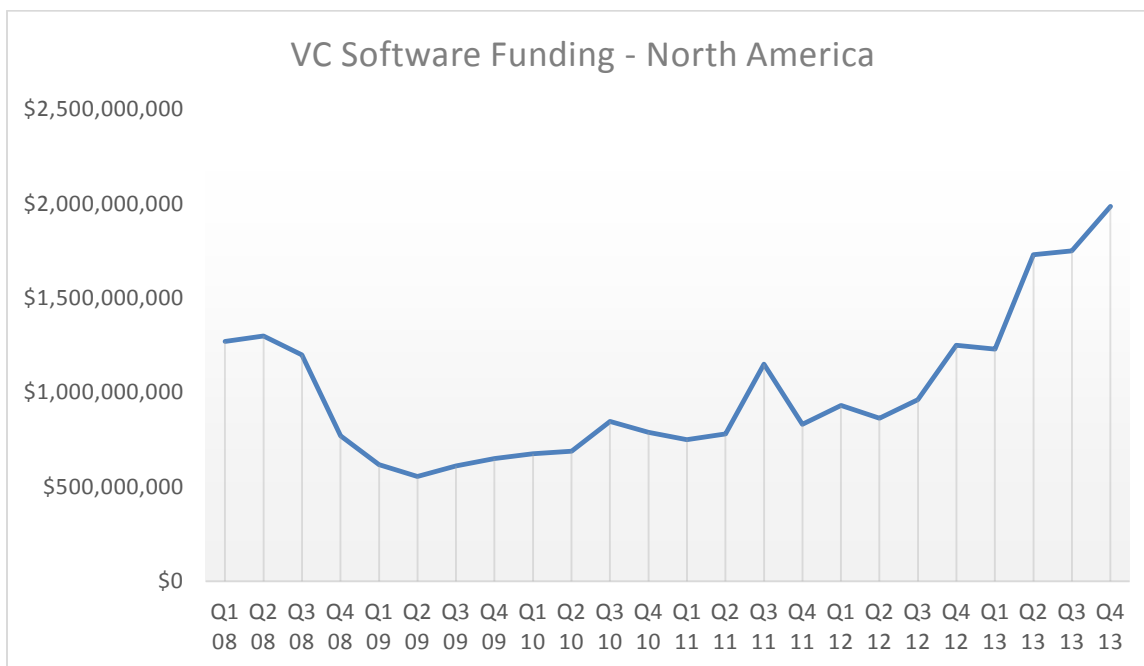
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In the database space, [MongoDB](#) raised \$150 million from top-tier venture capital, private equity and corporate investors. The company said it would use the funds to invest in its core project and its management service - a suite of tools to enable operation of the system at scale. MongoDB will also ramp up its sales and marketing efforts worldwide.

At the seed stage, [DataHero](#) garnered \$3.15 million for its software that helps users visualize and understand data in a convenient manner. Investors included the [Foundry Group](#) and other undisclosed parties. The company said it plans to use the funding proceeds to expand its team and continue development of key enterprise features.

[People Pattern](#) received \$4.5 million in its Series A financing round led by [Mohr Davidow Ventures](#). The company is developing technology that automates the collection and analysis of audience data to identify “high-value personas.” People Pattern said it would use the funding proceeds to widely launch its platform and service.

Chart 4 - Software Funding



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Table 1

Venture Funding Activity – 4th Quarter 2013

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$1.79 billion	+ 15%	250	- 6%
Digital Media	\$492 million	- 22%	86	+ 4%
eCommerce	\$229 million	+ 4%	30	- 10%
Software	\$1.99 billion	+ 14%	243	+ 6%
Total	\$4.5 billion	+ 10%	609	- 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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