

Venture Capital Funding Quarterly

Alternative Energy · Clean Technology Energy · Environmental

1st Quarter, 2009 – United States

Published by: [VentureDeal](#)

Contents

Summary	2
Funding Activity	2
Notes	5

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Summary

During the first quarter of 2009, a total of 37 companies received \$382 million in new venture capital financing, representing a 34% decrease in the number of companies being funded and a 41% decrease in the total amount funded to the four sectors of Alternative Energy, Clean Tech, Energy and Environmental.

Alternative Energy companies showed the largest deal funding volume decrease of the four categories, with a 38% decrease quarter over quarter. The Environmental sector showed the biggest increase, with a 100% increase in amounts funded. Energy funding amounts were also down sharply, with a 32% decrease and the number of companies funded decreasing sharply by 53%.

Funding Activity

Alternative Energy

Alternative Energy companies, which usually include solar, biofuels, wind power, hydrogen and other non-fossil fuel energy developers, continued to receive the largest share of funding of the four industry sectors. 22 companies received \$253 million in venture capital financing, which represented a 31% decrease in the number of companies being funded and a 38% funding reduction versus the fourth quarter of 2008.

Thin film solar company [OptiSolar](#), based in Hayward, California, raised \$30 million during the quarter from private equity firm Richardson Capital. The company is developing thin-film systems in its goal to make solar energy competitive with existing energy costs.

In the wind energy space, [Invenergy](#) also received \$30 million in a new funding round, from corporate investor Clean Leaf Energy. Invenergy said it would use the funding proceeds to support the growth of its sales and marketing efforts worldwide.

Clean Technology

Clean Technology deal volume slightly reversed its previous downward trend by showing a 7% increase to \$24 million in total funding among only four companies.

The majority of funding volume went to two water technology companies: Oasys Water and WaterHealth International, who both received \$10 million funding rounds each.

[Oasys Water](#) has developed what it calls an "Engineered Osmosis" water treatment process that can potentially produce potable water at costs far less than current desalination methods. The company said it intends to use the funding proceeds to build out its development platform.

The other significant funding event during the quarter was for [WaterHealth International](#). The \$10 million series D round was partially funded by corporate strategic investor Dow Venture Capital. The company has created a water purification and disinfection technology to help combat waterborne diseases.

Energy

Venture-backed Energy company fundings decreased dramatically by 32% compared to the previous quarter. The number of companies funded also declined 53%, from 17 in the previous quarter to 8 in the current quarter.

Lithium Ion battery company [Boston-Power](#) raised the largest round during the quarter, securing \$55 million from a syndicate of venture capital firms. The company said it would use the funding proceeds to scale manufacturing operations for its Sonata lithium-ion battery products.

On the international front, [Kosmos Energy](#) secured another \$39 million from [Warburg Pincus](#), which was the second largest funding round during the quarter. Kosmos is focused on finding and developing oil reserves in the west African region.

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Another company funded by Warburg Pincus, [Broad Oak Energy](#), raised \$14.8 million during the quarter. Broad Oak is developing technology to extend and improve oil and gas recovery in onshore areas such as Texas and Louisiana.

Environmental

The environmental sector tallied three transactions totaling \$11 million for the quarter versus \$5.5 million in the previous quarter, for a 100% increase. Two companies received the lion's share of funding, [The Ozone Man](#) and [Environmental Operating Solutions](#), receiving \$5 million and \$5.85 million respectively. The Ozone Man said that it would use the funding proceeds to expand its sales and marketing efforts. Environmental Operating Solutions "creates agriculturally-derived products to remove the pollutant nitrogen from wastewater."

Table 1

Venture Funding Activity – 1st Quarter 2009

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Alternative Energy	\$253 Million	- 38 %	22	- 31 %
Clean Technology	\$24 Million	+ 7 %	4	-- %
Energy	\$94 Million	- 32 %	8	- 53 %
Environmental	\$11 Million	+ 100 %	3	-- %
Total	\$382 Million	- 41 %	37	- 34%

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Notes

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The information source used was the VentureDeal.com database. VentureDeal is a venture capital database that provides the latest information about venture-backed technology companies, venture capital funds and venture capital financing 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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