

Venture Capital Funding Quarterly

Telecom • Wireless Mobile • Communications

1st Quarter, 2009 – United States

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Summary

Telecommunications, Wireless, Mobile and Communications technology startups raised \$421 million during Q1 09, an increase of 10% from the previous quarter. 36 companies received funding, a decrease of 45% quarter over quarter. Previously, these four sectors showed a flat trend of funding in the aggregate. The current quarter indicated the first increase in funding amounts in several quarters.

As one bright spot, Telecom companies continued to indicate strong financing volume growth, while Mobile firms showed the sharpest decline in percentage terms of funding (-47%) among the four sectors.

Funding Activity

Telecom

The Telecom sector showed a dramatic increase in funding, with a 283% improvement in funding amounts but a 50% decrease in the number of companies funded during the quarter. As in the previous quarter, relatively few companies received the lion's share of the funding.

The primary funding event during the quarter was for [Zayo Bandwidth](#), which received \$128 million in its series B round of venture capital financing from a large syndicate of venture capital and private equity firms. Zayo says that it provides bandwidth, voice and managed services to carrier, enterprise, SME and government organizations.

[VeriVue](#) raised \$65 million in a new funding round. The Westford, Massachusetts-based telecom company sells a portfolio of what it calls Media Distribution Switches that let telecom providers push high throughput video technologies closer to the edge of their networks.

Wireless

9 Wireless technology startups raised \$71 million during the quarter, a decrease of 41% in dollar volume and a decrease of 59% in the number of companies receiving funding versus the previous quarter. This continues a recent trend of funding amount decline.

The largest financing during the quarter was for [SkyCross](#), which received \$23 million. The company is developing what it calls the next generation in RF technology for a variety of mobile and fixed markets. This funding was led by [Investor Growth Capital](#) and included other undisclosed investors.

[Onset Technology](#) raised \$3 million from a syndicate of Israel-based investors. This Waltham, Massachusetts-based has created METAmesssage, a smart phone compliance software application designed for law firms, financial services and other professional services companies.

[Exalt Communications](#) secured \$15 million during the quarter in its third round of institutional venture capital financing. The company provides next-generation backhaul services to wireless service providers and enterprise customers.

Mobile

The Mobile sector encountered difficulties during the quarter, with 15 companies securing \$82 million in new funding, representing a 47% decrease in funding amounts versus the previous quarter. The number of companies funded dropped to 15, a 42% decrease versus the previous quarter.

[SendMe](#) garnered \$12 million in its series D funding round to continue its "trajectory to category leadership." SendMe offers a broad selection of direct to consumer mobile subscription content, such as trivia, ring tones and mobile phone wallpaper.

Mobile image company [Ontela](#) secured an undisclosed round of corporate investment from [Ericsson Venture Partners](#). Ontela provides technology that helps wireless service providers and image service companies deliver their images to mobile handsets.

In-game advertising company [Greystripe](#) raised \$5.5 million in its third round of venture capital and strategic financing. The company did not disclose how the funding proceeds would be used.

Communications

The Communications sector saw the second largest percentage increase in funding volume, with companies in this sector raising \$70 million, an increase of 98% over the previous quarter. The number of companies funded totaled seven, a 12% drop from the previous quarter.

The largest funding event of the quarter was for [Pocket Communications](#), which received \$25 million from a syndicate of venture capital investors. Pocket provides flat rate wireless carrier services to Texas and the Northeast.

[Transera Communications](#) garnered \$17 million in its fourth round of venture capital investment. Transera has developed intelligent call center gateway and management solutions for the call center market.

Global IP telephone company [Jajah](#) raised \$2.75 million in venture capital and strategic capital, most notably from Intel Capital and Deutsche Telekom.

[AOptix Technologies](#) secured \$12.9 million for its series D round of venture capital financing, from a large syndicate of top-tier venture capital and private equity firms. Proceeds purposes from the funding round were not disclosed.

For Table of Venture Funding Activity, see Next Page

Table 1

Venture Funding Activity – 1st Quarter 2009

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Telecom	\$198 Million	+ 283 %	5	- 50 %
Wireless	\$71 Million	- 41 %	9	- 59 %
Mobile	\$82 Million	- 47 %	15	- 42 %
Communications	\$70 Million	+ 98 %	7	- 12 %
Total	\$421 Million	+ 10 %	36	- 45 %

Notes

This report was prepared by the staff of VentureDeal, LLC.

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 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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