

# Venture Capital Funding Quarterly

## Internet • Digital Media eCommerce • Software

2<sup>nd</sup> Quarter, 2009– United States

**Publisher**  
VentureDeal

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## Summary

During the second quarter, 239 companies raised \$1.5 billion in venture capital funding in the aggregate, down 6% in the number of companies funded and 6% greater in total funding amount versus Q1 09.

By sector, only the eCommerce and Internet sectors showed a gain in funding amounts, with the Digital Media and Software sectors showing significant declines in the amounts funded.

## Funding Activity

### Internet

Internet sector company fundings reversed their previous decline by registering a significant funding amount percentage gain of 48%. The sector received \$720 million in venture capital funding during the quarter, a 48% increase in funding allocated among 82 companies - a reduction of 18% in the number of companies funded.

A notable transaction during the quarter was for the social networking website [Facebook](#), which received a whopping \$200 million for its late stage funding round. Some of the funding was apparently used to purchase existing employee shares for those employees who wished to cash out.

[Glam Media](#), a network of vertical media sites, secured \$124 million in a new round of financing. Investors included corporate media company Hubert Burda Media. Glam did not disclose how the funding proceeds would be used.

A number of Internet companies received series B funding rounds:

AlertMe.com	\$11 million
Collective Media	\$20 million
Conductor	\$10 million
Cooliris	\$15.5 million
Double Twist	\$5 million
I Love Rewards	\$8.7 million
Pontiflex	\$6.25 million
TimeBridge	\$5 million
VoxPop Network	\$1.5 million
Yapta	\$2 million

## Digital Media

Digital Media funding reversed its previous quarterly increase by showing significant reductions in both total amounts funded and the number of companies funded. Digital Media companies for the purposes of VentureDeal's definition are generally either video/casual game producers or advertising networks. Total funding decreased by 46% to \$127 million, with 24 companies being funded, a decrease of 17% versus the previous quarter.

[Goom Radio](#) received the largest funding, raising \$16 million in its series A funding round from a syndicate of venture capital and private equity firms. Goom said it would use the funding proceeds to continue to build out its online music streaming service.

[Big Stage Entertainment](#) garnered \$10.6 million for its second round of institutional venture capital and angel investment. The company is developing what it calls a "3-D photo real avatar facial modeling technology".

Mobile advertising network [Medialets](#) also raised new funding with its \$4 million series B venture capital investment round. Medialets says that it has developed a mobile advertising and analytics system that frees up developers to focus on building their applications and tracking them once they are completed.

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## eCommerce

The eCommerce sector reversed its previous downward trend, with nine companies receiving a total of \$106 million in funding, an increase of 43% in financing amounts versus the previous quarter.

Part of AOL pioneer Steve Case's family of Revolution branded companies, [Revolution Money](#) raised \$42 million in its series C round of corporate financing from the likes of Goldman Sachs, Citi and Morgan Stanley Venture Partners. Revolution Money aims to make inroads in the credit card and stored card payment processing market currently dominated by Visa and American Express.

[Onestop Internet](#) garnered a total of \$13.3 million in its first round. The company offers what it calls full service outsourced e-commerce services, including design, fulfillment, customer service, technology, photography and marketing.

[Bridgevine](#) secured \$3.5 million in its series C round of funding, from both corporate and venture capital investors. Bridgevine offers an intelligent shopping engine and shopping platform that helps advertisers reach consumers with special offers.

## Software

During the quarter, Software company fundings represented the second largest sector, raising \$554 million between 124 companies. This activity represented a decrease of 10% in total funding amount and no change in the number of companies funded.

The average financing round size continued to drop, from \$4.9 million in Q1 09 to \$4.7 million in the current quarter.

The largest funding of the quarter was a \$75 million round for [Workday](#). The company has developed technology that enables enterprises to access an online ERP system.

Also in the software as a service space, [OptionEase](#) raised \$2.5 million during the quarter. The company has created an online financial service for companies to keep track of their share option records for their employees.

In the data synchronization space, [Dashwire](#) secured \$1.6 million from undisclosed investors. The company offers software that allows users to synchronize a wide variety of information between their mobile handset, desktop computer and social networks.

Table 1

### Venture Funding Activity – 2nd Quarter 2009

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$720 million	+ 48%	82	- 18%
Digital Media	\$127 Million	- 46%	24	- 17%
eCommerce	\$106 Million	+ 43%	9	+ 450%
Software	\$554 Million	- 10%	124	--
<b>Total</b>	<b>\$1.5 billion</b>	<b>+ 6%</b>	<b>239</b>	<b>- 6%</b>

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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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