

# Venture Capital Funding Quarterly

## **Telecom • Wireless Mobile • Communications**

4<sup>th</sup> Quarter, 2009 – United States

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### **Contents**

Summary	2
Funding Activity	2
Notes	6

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## Summary

Telecommunications, Wireless, Mobile and Communications technology startups raised \$231 million during Q4 09, a decrease of 17% from the previous quarter. 49 companies received funding, an increase of 14% quarter over quarter. Previously, these four sectors showed an increasing trend of funding in the aggregate. The current quarter indicated a reversal in total funding amounts.

The only sector among the four that posted increased quarter over quarter results was Mobile, which continued to show a steady increase in dollar volume terms of funding (+ 33%) among the four sectors.

## Funding Activity

### Telecom

The Telecom sector indicated another dramatic decrease in funding, with a 48% reduction in funding amounts allocated between a 25% increase in the number of companies funded during the quarter. As in previous quarters, relatively few companies received the lion's share of the funding.

The primary funding event during the quarter was for [Voxeo](#), which received \$9 million in a new round of financing. The Orlando, Florida company provides hosting and on-premise platform solutions that help enterprises improve their service and lower costs.

[IntelePeer](#) raised \$4 million in a venture capital debt round. The company said it would use a financing for the "purchase and deployment of additional network infrastructure to support the company's rapid growth."

## Wireless

19 Wireless technology startups raised \$127 million during the quarter, a decrease of 22% in dollar volume and an increase of 12% in the number of companies receiving funding versus the previous quarter. This represents a reversal from the previous quarter's funding increases.

Three companies raised almost half of the entire sector funding amounts during the quarter. [Xirrus](#) secured \$20.1 million in an unpublished round from a large syndicate of venture capital investors. Xirrus provides enterprises with wireless solutions for voice and data networks.

[Tower Cloud](#) garnered \$20 million from venture capital investors. The company provides mobile backhaul services to wireless carriers nationwide via its combination of fiber and licensed microwave facilities. Proceeds purposes from the financing round were not disclosed by the company.

[HiBeam Internet & Voice](#) secured an undisclosed amount of funding during the quarter. The company is focused on deploying 4G wireless-based Internet and voice services in rural and semi-rural markets. Investors in the round were also not disclosed.

## Mobile

The Mobile sector continued its previous quarterly improvement, with 24 companies securing \$73 million in new funding, representing a 33% increase in funding amounts versus the previous quarter. The number of companies funded increased from 17, a 41% increase versus the previous quarter.

[Dilithium Networks](#) raised \$10.9 million in a new round of financing from both venture capital and strategic investors. The company says it is the leader in 3G video telephony solutions for mobile and broadband industries. Proceeds purposes from the financing were not disclosed.

There were three Series A and B funding rounds during the quarter:

<a href="#">Transfer To</a>	\$3 million	Series A
<a href="#">Gowalla</a>	\$8.4 million	Series B
<a href="#">SimpleGeo</a>	\$1.5 million	Series B

Mobile payments service company [Square](#) received \$10 million from [Khosla Ventures](#) and other investors. Square is developing an innovative hardware and web service that allows users to plug in a small device to their Apple iPhone and swipe credit card payments to businesses or other individuals. Proceeds purposes from the financing round were not disclosed.

## Communications

The Communications sector saw the largest percentage decrease in funding volume, with companies in this sector raising \$17 million during the quarter, a decrease of 49% versus the previous quarter. The number of companies funded totaled 1, an 80% drop from the previous quarter.

The sole funding event of the quarter was for [Chelsio Communications](#), which received \$17 million from a large syndicate of venture capital, private equity and strategic investment firms. The company has developed a range of technology solutions for the 10 Gb Ethernet markets of virtualization, routing and storage. The company did not disclose how it would use the funding proceeds. It has raised over \$86 million in venture capital financing.

For Table of Venture Funding Activity, see Next Page

Table 1

**Venture Funding Activity – 4<sup>th</sup> Quarter 2009**

<b>Industry</b>	<b>Total Amount Funded</b>	<b>% Change Vs. Prior Quarter</b>	<b>Number of Companies Funded</b>	<b>% Change vs. Prior Quarter</b>
Telecom	\$14 Million	- 48 %	5	+ 25 %
Wireless	\$127 Million	- 22 %	19	+ 12 %
Mobile	\$73 Million	+ 33 %	24	+ 41 %
Communications	\$17 Million	- 49 %	1	- 80 %
<b>Total</b>	<b>\$231 Million</b>	<b>- 17 %</b>	<b>49</b>	<b>+ 14 %</b>

**Notes**

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

The information source used was the [VentureDeal.com](http://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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