

Venture Capital Funding Quarterly

Internet • Digital Media eCommerce • Software

1st Quarter, 2010 – United States

Publisher
VentureDeal

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Summary

During the first quarter of 2010, 281 companies raised \$1.8 billion in venture capital funding in the aggregate, virtually unchanged in total funding amount versus Q4 09 and a de minimis decrease of 2% in the number of companies funded.

Three of the four sectors showed a gain in funding amounts, with the exception of the Digital Media sector, which declined significantly from the previous quarter and returned to a more normal funding level.

Funding Activity

Internet

Internet sector company fundings continued their previous quarterly increase by registering a funding percentage increase of 13%. The sector received \$902 million in venture capital funding during the quarter allocated among 128 companies – a decrease of 4% in the number of companies funded.

A notable transaction during the quarter was for Internet company [Yelp](#), which received \$100 million. The company operates a website and service that allows users to rate and review local businesses. [Elevation Partners](#), a noted growth venture capital firm, made the investment. Elevation focuses its investments on the media and entertainment space.

In the online streaming video space, Mountain View, California-based [UStream.tv](#) raised \$75 million in venture capital equity from the Asian investor group SoftBank Capital. The company said that it would use the funding proceeds to "pursue opportunities" in Japan, China, Korea and India.

A number of Internet companies received series C funding rounds:

Avvo	\$10 million
World Golf Tour	\$10 million
Triplt	\$7 million
EveryScape	\$6 million
Vivox	\$6.8 million
Blue Kai	\$21 million
Visible Technologies	\$22 million
Aggregate Knowledge	\$9 million
Quantcast	\$27.5 million

Digital Media

Digital Media funding reversed its previous quarter gains by showing significant decreases 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 developers or advertising networks. Total funding decreased by 55% to \$167 million, with 35 companies being funded, a decrease of 8% versus the previous quarter.

Two companies accounted for almost 1/3 of the entire funding amounts. [Ngmoco](#) received \$25 million in its series C round of funding. The company both develops freemium games itself and a platform for other publishers to develop their free-to-play games.

[YuMe](#) also received \$25 million in new funding from a top-tier list of venture capital firms. YuMe is a video advertising company that provides a platform for video publishers to monetize their content. The financing represents later stage expansion funding for the company.

eCommerce

The eCommerce sector reversed its previous quarterly downward trend, with 9 companies receiving a total of \$64 million in funding, a whopping increase of 156% in financing amounts versus the previous quarter.

Mobile eCommerce company [BOKU](#) raised the largest amount of funding during the quarter, \$25 million from a syndicate of highly regarded venture capital firms. The company said its goal is to bring "bank grade payments technology and mobile users together on the Web."

[Payment](#) garnered \$1.15 million from [BlueRun Ventures](#). The company has developed a new type of online shopping cart that does not require programming or the purchase of separate shopping cart software.

Social e-commerce company [ShopIgniter](#) landed \$3 million in its first institutional venture capital financing round. The company is trying to bring human interaction into the e-commerce process via social media tools and tying the online process with the off-line, real world retail experience.

Software

During the quarter, Software company fundings represented the second largest sector, raising \$675 million between 109 companies. This activity represented an increase of 4% in total funding amount and an increase of 3% in the number of companies funded.

The average financing round size registered a slight increase, from \$6.1 million in Q4 09 to \$6.2 million in the current quarter.

The largest funding of the quarter was a \$110 million round for [PowerPlan](#). The company sells fixed asset software for large, capital intensive industries. JMI Equity and TPG Growth provided the growth equity funding.

In the Application Programming Interface (API) space, Mashery closed on \$5.5 million for its third round of venture capital funding. The company helps businesses create and manage their information sharing platforms. Among its venture capital firm backers, it also accepted strategic investment in this round from corporate investor [Cisco Systems](#).

Cisco also invested in [Grid Net](#). Grid Net is designing platforms to integrate intelligence into electrical grids from the source to the end-user. The company's investor syndicate also includes noted energy VC [Braemar Energy Ventures](#).

Table 1

Venture Funding Activity – 1st Quarter 2010

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$902 million	+ 13 %	128	- 4 %
Digital Media	\$167 million	- 55 %	35	- 8 %
eCommerce	\$64 million	+ 156 %	9	+ 13 %
Software	\$675 million	+ 4 %	109	+ 3 %
Total	\$1.8 billion	-- %	281	- 2 %

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Transaction Amounts by State - All Sectors Aggregated



Legend (Discrete Log Values):

- Dark Green: \$100 Million +
- Medium Green: \$10 Million - \$100 Million
- Light Green: \$1 Million - \$10 Million
- White: Under \$1 Million

State	Transaction Amounts by State	State	Transaction Amounts by State
California	\$873,432,177	Minnesota	\$5,000,000
Massachusetts	\$163,747,900	Vermont	\$5,000,000
New York	\$154,282,200	Hawaii	\$4,200,000
Illinois	\$122,025,000	Oregon	\$4,000,000
Georgia	\$111,703,000	Utah	\$2,900,000
Washington	\$92,000,000	Indiana	\$2,500,000
Florida	\$45,020,000	New Hampshire	\$2,500,000
Colorado	\$38,538,000	South Carolina	\$2,300,000
D.C.	\$30,000,000	Wisconsin	\$2,000,000
Pennsylvania	\$29,065,000	Virginia	\$1,679,000
Maryland	\$20,750,000	Montana	\$1,500,000
Texas	\$19,400,000	Ohio	\$1,350,000
Connecticut	\$19,100,000	Arizona	\$1,000,000
New Jersey	\$5,998,000	Kansas	\$639,000
North Carolina	\$5,750,000	Tennessee	\$393,000
		Rhode Island	\$350,000

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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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