



Venture Capital Funding Quarterly

**Internet • Digital Media
eCommerce • Software**

2nd Quarter, 2011 – United States

Publisher
[VentureDeal](#)

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Summary

During the second quarter of 2011, 459 companies in the Internet, Digital Media, eCommerce and Software sectors raised \$3.4 billion in venture capital funding in the aggregate, down 29% in total funding amount versus Q1 11 and up 26% in the number of companies funded.

Of the four sectors, Internet and Digital Media showed a decrease in funding amounts. Facebook accounted for \$2 billion of the total financing during the previous quarter and thus the high Internet sector comparable. Software and eCommerce sectors showed an increase in funding amounts, with a 4% and 216% increase in venture capital dollars into those sectors respectively. All sectors showed an increase in the number of companies funded during the quarter.

Funding Activity

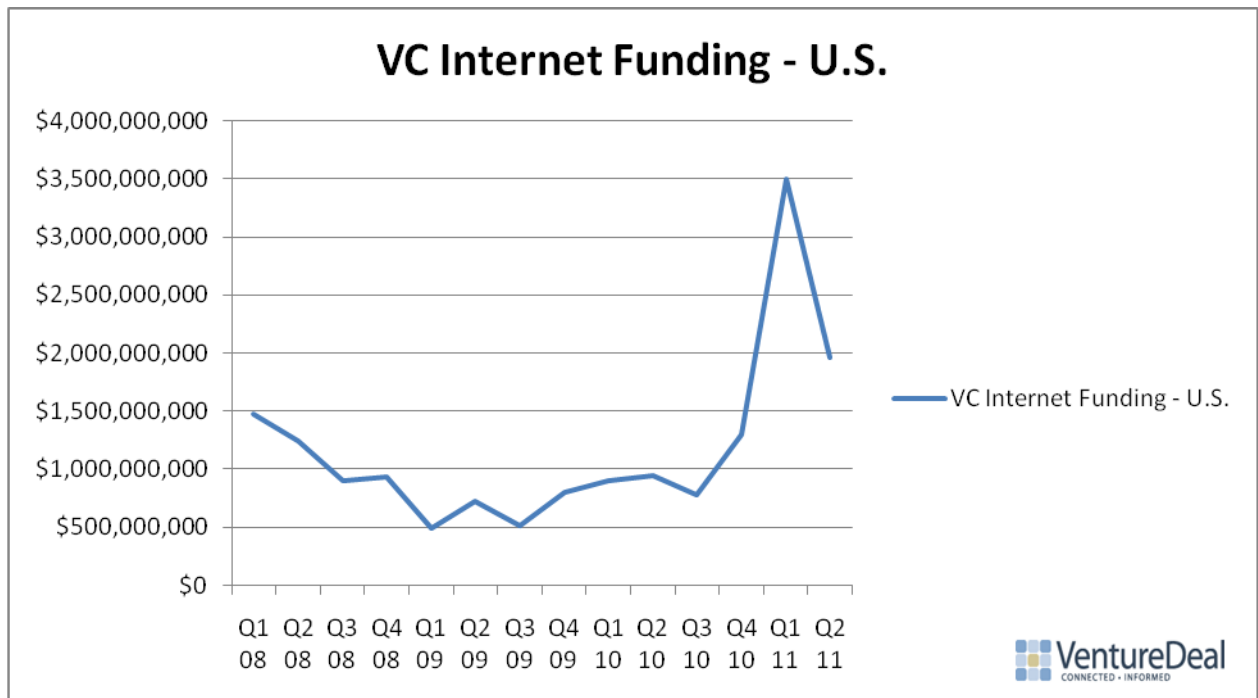
Internet

Internet sector company fundings reversed their previous quarterly increase by registering a dollar percentage decrease of 44%. The sector received \$1.96 billion in venture capital funding during the quarter allocated among 223 companies – an increase of 13% in the number of companies funded.

[Coupons.com](#) and LivingSocial each secured the largest funding round amounts during the quarter, at \$200 million each. Coupons.com said that approximately 50% of the funding would be used for growth initiatives and the other 50% to cash out early investors.

Washington, DC-based [LivingSocial](#) raised its \$200 million from a combination of venture capital investors and corporate investor Amazon.com. The company operates a social discovery and cataloging network that enables people to review and share games, books, movies, restaurants, music and other categories.

At the other end of stage of development, [Ranker.com](#) garnered \$1.3 million in its first round of funding from individuals, an Angel group and venture capital firm in order to continue development of its new technology for ranking anything online.

Chart 1 – Internet Funding


Digital Media

Digital Media funding reversed its previous quarter funding increase. Digital Media companies for the purposes of VentureDeal's definition are generally either video/casual game developers or advertising networks. Total funding decreased quarter over quarter by 16% to \$423 million, with 69 companies being funded, an increase of 68% versus the previous quarter.

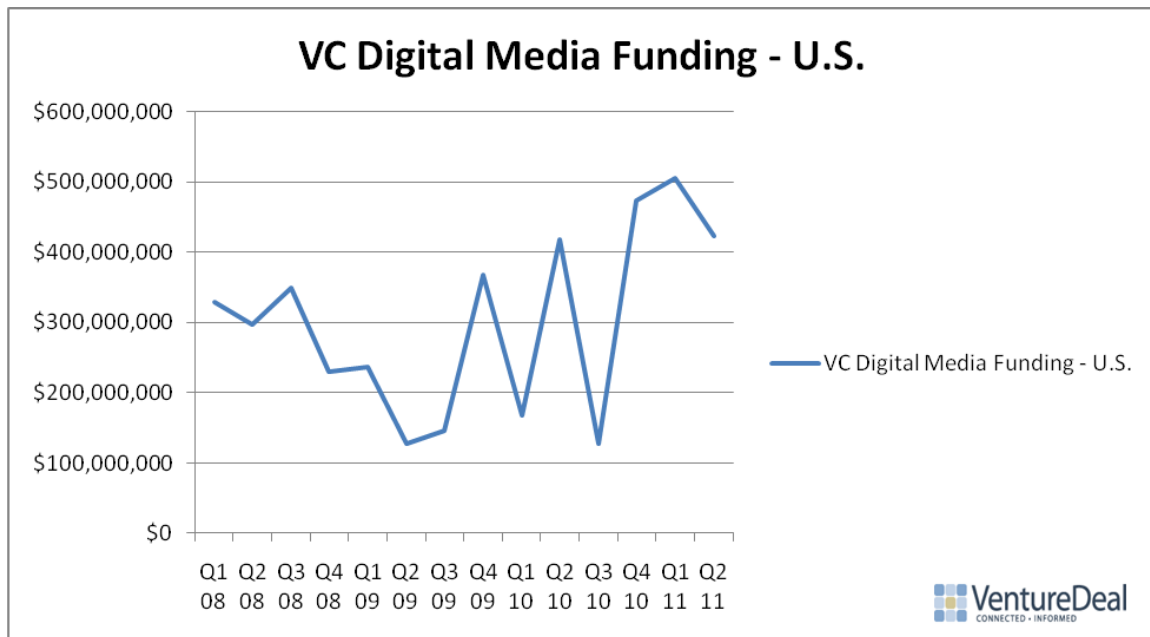
[INVIDI Technologies](#) received \$49 million in venture capital, corporate and private equity funding. The company provides what it calls the "only truly addressable targeted television advertising and marketing solution for cable, satellite and IP TV service providers". INVIDI says that it will use the proceeds to roll out its new Advatar software solution.

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[Verimatrix](#) landed \$7.5 million from undisclosed investors, according to an SEC regulatory filing. The company provides digital content protection solutions to telecommunications providers in Asia, North America and Europe.

New York-based [Ad Summos](#) received \$1.5 million in venture capital debt financing during the quarter. The company "helps publishers optimize the full value of their inventory and shows advertisers Real ROI for their campaigns." Ad Summos is backed by [Masthead Venture Partners](#).

Chart 2 - Digital Media Funding



eCommerce

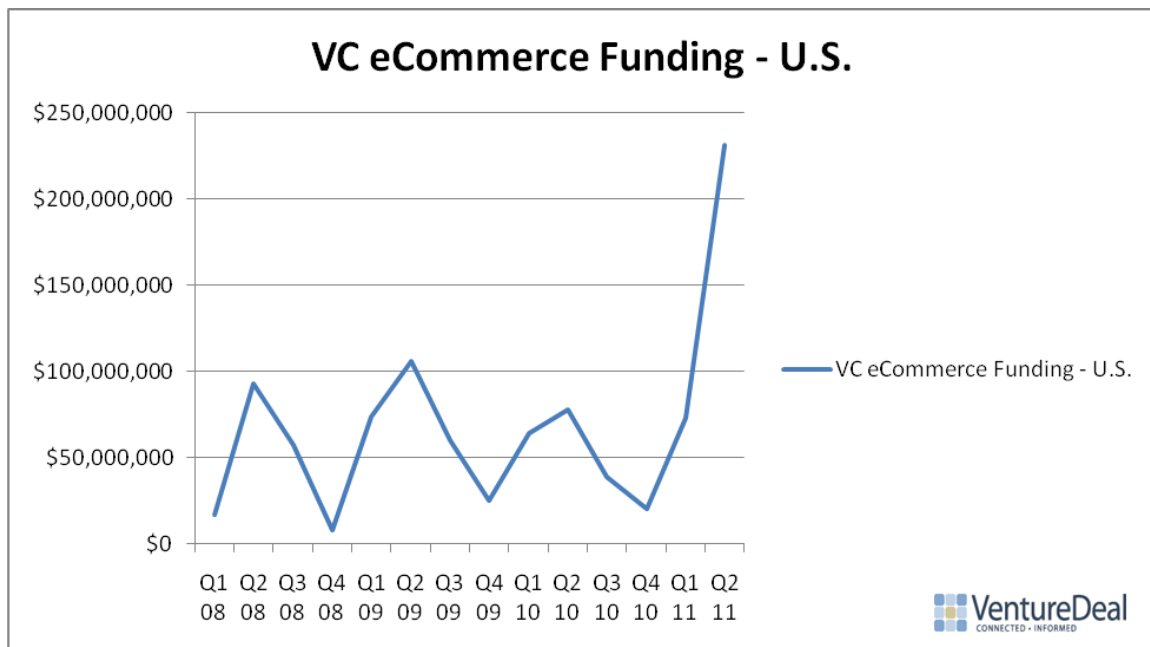
The eCommerce sector continued its previous quarterly upward trend, with 22 companies receiving a total of \$231 million in funding, an increase of 216% in financing amounts versus the previous quarter's tally.

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Real estate payments company [YapStone](#) secured the largest funding round of the quarter, receiving \$50 million from [Accel Partners](#) and [Meritech Capital Partners](#). The company said it would use the financing to expand its payment service into additional geographic markets and industries.

Boston, Massachusetts-based [NaviNet](#) received \$15 million from [North Bridge Venture Partners](#) and undisclosed investors. NaviNet provides technology that connects healthcare providers, health plans and industry partners in real-time.

Chart 3 - eCommerce Funding



Software

During the quarter, Software company fundings represented the second-largest sector, raising \$780 million between 145 companies. This activity represented a increase of 4% in total funding amount and an increase of 27% in the number of companies funded.

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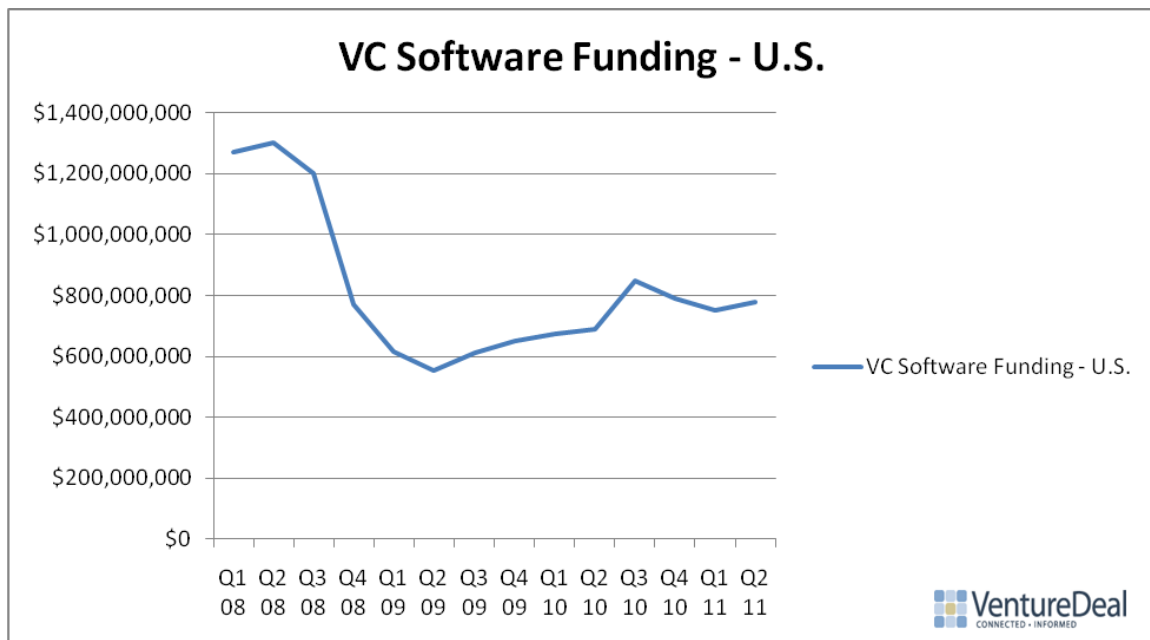
The average financing round size registered a decrease, from \$6.6 million in Q1 11 to \$5.4 million in the current quarter. There were a total of 11 series B funding rounds during the quarter, the most prevalent disclosed funding stage.

The largest funding of the quarter was \$50 million for Palo Alto, California-based [Palantir Technologies](#). The company provides analytics platforms for financial and intelligence clients. [Founders Fund](#) participated in the financing.

[Interactive Advisory Software](#) received \$500,000 from Atlanta-based [TTV Capital](#). IAS has developed a software solution for wealth management advisors to make presentations to clients and manage their relationships.

[Lumosity](#) landed \$32.5 million from several top-tier venture capital firms. The company is building software tools that help to improve brain health, memory and performance. This was the company's third round, though it did not disclose how the proceeds purposes would be used.

Chart 4 - Software Funding



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Table 1

Venture Funding Activity – 2nd Quarter 2011

| Industry | Total Disclosed Funding | % Change Vs. Prior Quarter | Number of Companies Funded | % Change vs. Prior Quarter |
|-----------------|--------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Internet | \$1.96 billion | - 44% | 223 | + 13% |
| Digital Media | \$423 million | - 16% | 69 | + 68% |
| eCommerce | \$231 million | + 216% | 22 | + 83% |
| Software | \$780 million | + 4% | 145 | + 27% |
| Total | \$3.4 Billion | - 29% | 459 | + 26% |

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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