



# Venture Capital Funding Quarterly

**Internet • Digital Media  
eCommerce • Software**

4<sup>th</sup> Quarter, 2010 – United States

**Publisher**  
[VentureDeal](#)

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## Summary

During the fourth quarter of 2010, 350 companies raised \$2.6 billion in venture capital funding in the aggregate, up 44% in total funding amount versus Q3 10 and up 2% in the number of companies funded.

Two of the four sectors showed a decrease in funding amounts and number of companies funded. Only the Internet and Digital Media sectors showed an increase in funding amounts, with a healthy 68% and 270% jump in venture capital dollars into those sectors respectively.

## Funding Activity

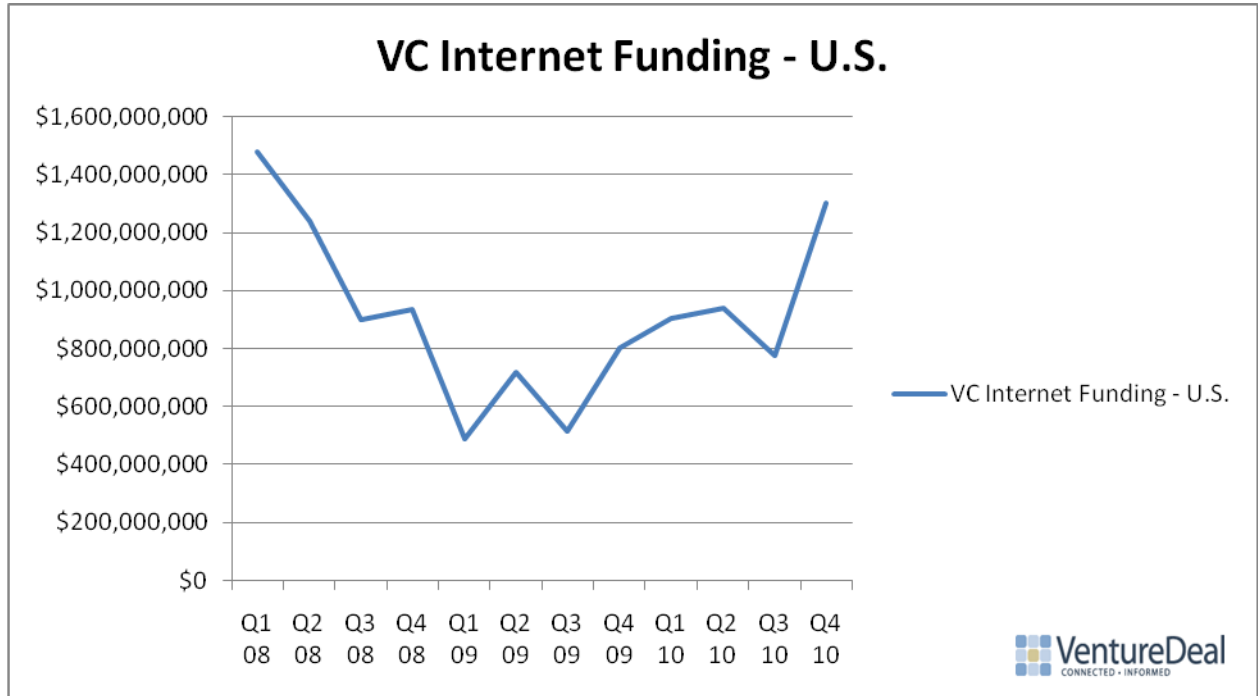
### Internet

Internet sector company fundings reversed their previous quarterly decrease by registering a dollar percentage increase of 68%. The sector received \$1.3 billion in venture capital funding during the quarter allocated among 177 companies – an increase of 6% in the number of companies funded.

San Francisco, California-based information network [Twitter](#) secured the largest round of the quarter, receiving \$200 million in late stage funding from [Kleiner Perkins Caufield & Byers](#).

Not far behind was [LivingSocial](#), which raised \$175 million from corporate investor [Amazon.com](#). The company, which allows people to review and share their favorite entertainment, said it would use the financing proceeds to continue its global expansion of local sites.

Salem, Massachusetts-based [FashionPlaytes](#) landed \$4 million for its first institutional round. The company provides an online service that allows young girls to create fashion and purchase clothing items. The round was funded by a combination of venture capital and Angel groups.

**Chart 1 – Internet Funding**


## Digital Media

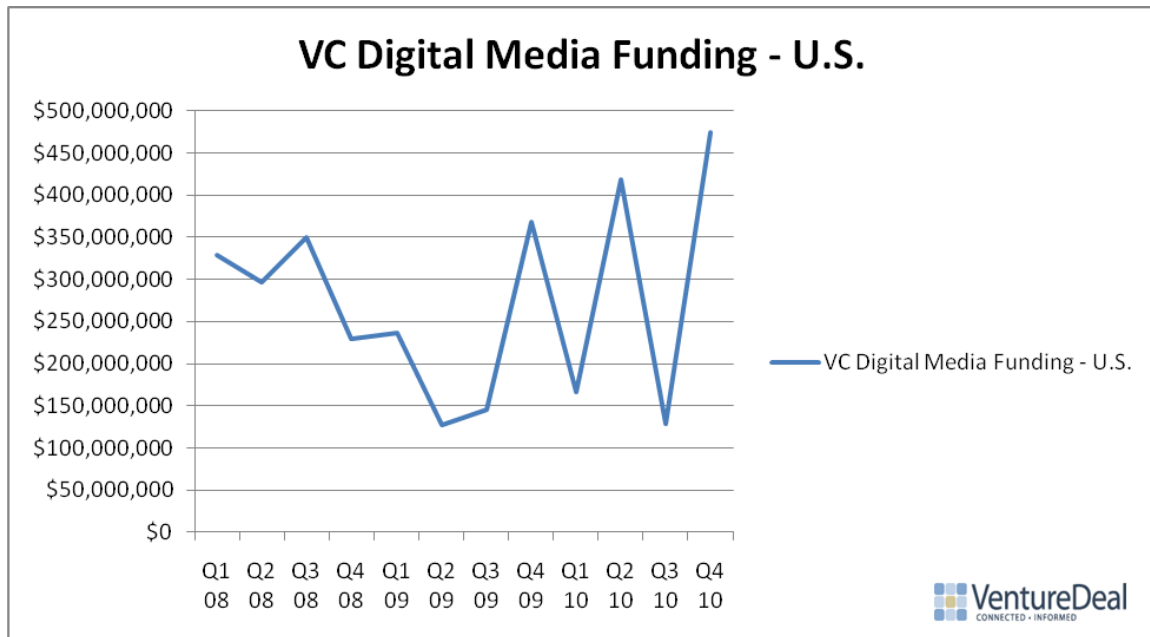
Digital Media funding reversed its previous quarter funding decrease by showing significant increases in both total amounts funded and the number of companies funded. Digital Media companies for the purposes of VentureDeal's definition are generally either video/casual game developers or advertising networks. Total funding increased quarter over quarter by 270% to \$474 million, with 44 companies being funded, an increase of 38% versus the previous quarter.

Rockville, Maryland-based [ZeniMax Media](#) received \$150 million in private equity funding. The company creates and publishes interactive entertainment content for a wide range of gaming devices. ZeniMax did not disclose how it would use the funding proceeds.

In the advertising space, [Centro Media](#) raised \$22.5 million from [FTV Capital](#) and others. The company has created a digital agency application that streamlines the process of buying and billing digital media. The company said it would invest the proceeds in its application and the expansion of its sales force.

[Skyword](#) secured \$1.8 million from a syndicate of investors that included corporate investor [Hearst Interactive Media](#). The company says that it provides brands with the ability to efficiently forecast the creation and placement of messages with brand-aligned content.

**Chart 2 - Digital Media Funding**



## eCommerce

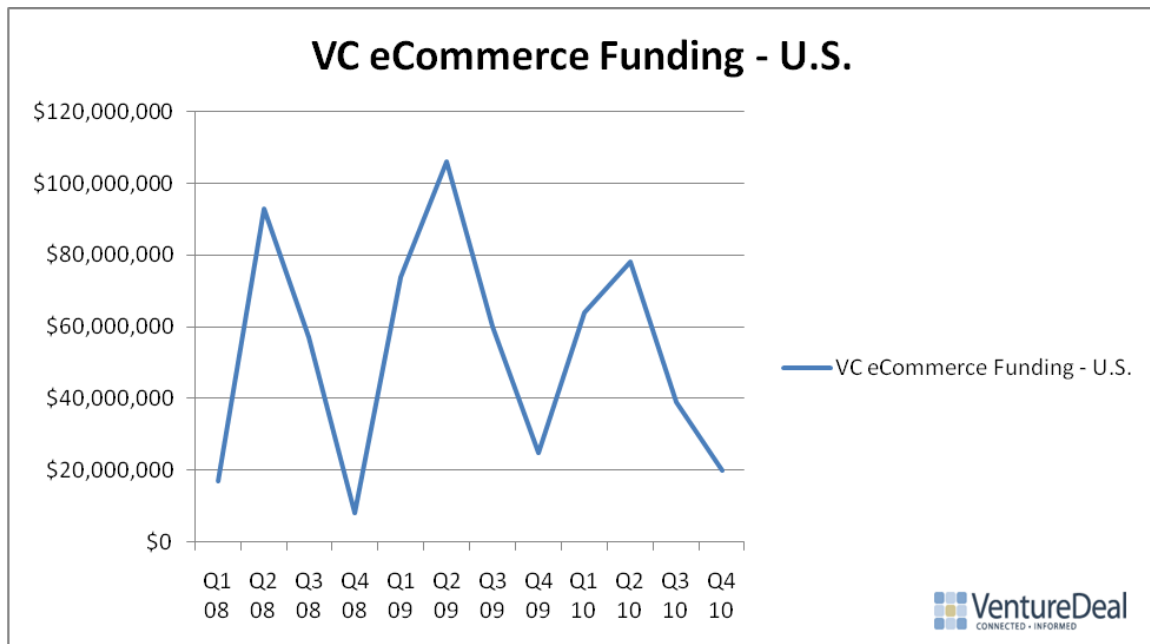
The eCommerce sector continued its previous quarterly downward trend, with 8 companies receiving a total of \$20 million in funding, a decrease of 49% in financing amounts versus the previous quarter's tally.

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Shopping cart technology company [Payvment](#) secured \$6 million in second round funding. Subsequent to the funding, the company announced the creation of a "Shopping Mall" on Facebook, with the ability to search for and interact with over 1 million items. The company is backed by [Sierra Ventures](#) and [BlueRun Ventures](#).

Another Facebook platform eCommerce company that received funding was [Yardsellr](#), which raised \$5 million in its first institutional round from [Accel Partners](#) and [Harrison Metal Capital](#). The company enables Facebook users to buy and sell items within their network or a friends network.

**Chart 3 - eCommerce Funding**



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## Software

During the quarter, Software company fundings represented the second-largest sector, raising \$789 million between 121 companies. This activity represented an a decrease of 7% in total funding amount and a decrease of 11% in the number of companies funded.

The average financing round size registered a slight increase, from \$6.2 million in Q3 10 to \$6.5 million in the current quarter, representing a percentage increase of 5%. There were a total of 14 series C funding rounds during the quarter, the most prevalent disclosed funding stage.

The largest funding of the quarter was \$68 million for Georgia-based [FleetMatics](#). The company provides a complete GPS vehicle tracking system that enables fleet owners to increase productivity and reduce fuel costs. [Institutional Venture Partners](#) and [New World Ventures](#) made the investment.

[Clean Power Finance](#) raised an undisclosed amount of funding from corporate investor [Google Ventures](#) and [Kleiner Perkins Caufield & Byers](#). The company is a provider of integrated software services and financing solutions to the solar industry as well as other energy technology verticals.

In the cloud computing space, Austin, Texas-based [Gazzang](#) garnered \$3.5 million in its first round of institutional venture capital funding. [Austin Ventures](#) made the investment, which the company said would be used to "develop management solutions that help secure open source software..."

### **Chart 4 - Software Funding - See Next Page**

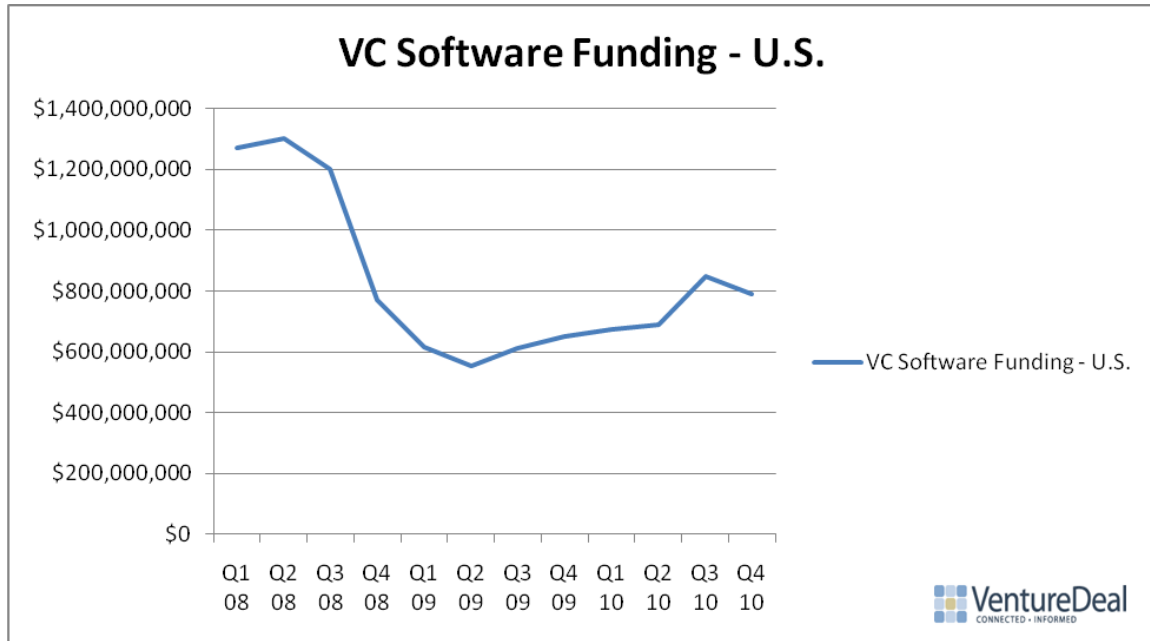


Table 1

## Venture Funding Activity – 4<sup>th</sup> Quarter 2010

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$1.3 billion	+ 68%	177	+ 6%
Digital Media	\$474 million	+ 270%	44	+ 38%
eCommerce	\$20 million	- 49%	8	--
Software	\$789 million	- 7%	121	- 11%
<b>Total</b>	<b>\$2.6 billion</b>	<b>+ 44%</b>	<b>350</b>	<b>+ 2 %</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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