



Venture Capital Funding Quarterly

**Internet • Digital Media
eCommerce • Software**

2nd Quarter, 2010 – United States

Publisher
[VentureDeal](#)

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Summary

During the second quarter of 2010, 366 companies raised \$2.1 billion in venture capital funding in the aggregate, up 17% in total funding amount versus Q1 10 and an increase of 30% in the number of companies funded.

All four sectors showed gains in funding amounts and number of companies funded. The Digital Media sector showed the greatest funding increase percentage at 150% quarter over quarter, while the Internet sector showed the greatest number of companies funded increase of 33%.

Funding Activity

Internet

Internet sector company fundings continued their previous quarterly increase by registering a dollar amount percentage increase of 4%. The sector received \$939 million in venture capital funding during the quarter allocated among 170 companies – an increase of 33% in the number of companies funded.

Two companies raised financing rounds in excess of \$100 million and both were in the consumer Internet space. [Facebook](#) raised \$120 million from noted late stage investor [Elevation Partners](#). Elevation focuses its investments on the media and entertainment space. During the quarter, Facebook introduced a new "Like" feature for websites around the Internet to allow users to share their opinions.

Chicago-based [Groupon](#) raised the largest round of the quarter, receiving \$135 million from Russian social networking investor [Digital Sky Technologies](#) and [Battery Ventures](#). Groupon said it would use the funding proceeds to facilitate its international expansion as well as providing liquidity to employees and early investors.

Encino, California-based [uSamp](#) raised \$10 million in its series C round from Massachusetts venture capital firm [OpenView Venture Partners](#) in order to fuel continued growth via acquisitions and organic expansion of its online research panel service.

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A number of Internet companies received series D funding rounds:

Prosper Marketplace	\$14.7 million
Brightcove	\$12 million
Lijit Networks	\$6 million
SoonR	\$4.5 million
Attributor	\$3.2 million

Digital Media

Digital Media funding reversed its previous quarter funding decrease by showing dramatic 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 by 150% to \$418 million, with 41 companies being funded, an increase of 17% versus the previous quarter.

One company accounted for 35% of all funding amounts disbursed during the quarter. [Zynga Game Networks](#) received \$147 million in a new round of financing. The company develops social networking games and said it would use the funding proceeds to expand its games in the Asia region.

New York-based [Tremor Media](#) received \$40 million in its fourth round of funding from a syndicate of venture capital firms and corporate investor [SAP Ventures](#). Tremor has created a publishing network that provides advertisers with in-banner and in-stream advertising opportunities. The company said it would use the funding proceeds to continue executing its growth initiatives.

[Tiny Speck](#) raised a first round of \$5 million from noted venture capital firm [Accel Partners](#) along with new VC firm [Andreessen Horowitz](#). The company has created a browser-based massively multiplayer game, called Glitch. Tiny Speck has offices in San Francisco and Vancouver, BC.

eCommerce

The eCommerce sector continued its previous quarterly upward trend, with 11 companies receiving a total of \$78 million in funding, an increase of 22% in financing amounts versus the previous quarter's tally.

Payment transfer company [Xoom Corp.](#) secured \$33.25 million in an undisclosed round of investment. The company has been around since 2002 and provides consumers with the ability to transfer money between countries around the world. Top tier VC firms [New Enterprise Associates](#) and [Sequoia Capital](#) were among the investors in the financing round.

[Kudzu Interactive](#) received \$7 million in series B investment round. The company has created a service called SnapFinger that enables consumers to order take-out, delivery and catering from many well-known restaurants. Kudzu said it would use the funding to continue its marketing initiatives and develop mobile and Apple iPad service offerings.

Retailing eCommerce company [FiftyOne](#) landed \$4 million in new venture capital during the quarter. The company has created technology that allows retailers to "automatically present and settle transactions in the currencies its international visitors preferred."

Software

During the quarter, Software company fundings represented the second largest sector, raising \$689 million between 144 companies. This activity represented an increase of 2% in total funding amount and an increase of 32% in the number of companies funded.

The average financing round size registered a significant decrease, from \$6.2 million in Q1 10 to \$4.8 million in the current quarter, representing a percentage decrease of 23%. There were a total of 18 series A disclosed funding rounds versus only 7 in the previous quarter, which may account for the drop in average funding round size, since series A rounds tend to be smaller than later rounds.

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The largest funding of the quarter was \$60 million in series D financing for [Palantir Technologies](#). The company provides an analytical platform that helps organizations analyze "subtle connections that exist within vast networks of heterogenous information." In past financings, the company has received investment from [In-Q-Tel](#) (IQT), the venture financing arm of the Central Intelligence Agency.

San Mateo, California-based [Blazent](#) raised \$10 million in new investment from a large syndicate of Silicon Valley venture capital firms. The company provides infrastructure outsourcing governance and services to enterprises. Blazent said it would use the funding to expand into new markets.

Active corporate investor [Intel Capital](#) invested along with several venture capital firms in [Voxify](#)'s \$8 million financing round. Voxify has created speech solution technologies that enable call centers to automate interactions with customers. The company said it would use the financing proceeds for sales and marketing expansion purposes.

Table 1

Venture Funding Activity – 2nd Quarter 2010

Industry	Total Disclosed Funding	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Internet	\$939 million	+ 4%	170	+ 33%
Digital Media	\$418 million	+ 150%	41	+ 17%
eCommerce	\$78 million	+ 22%	11	+ 22%
Software	\$689 million	+ 2%	144	+ 32%
Total	\$2.1 billion	+ 17%	366	+ 30%

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Notes

This report was prepared by the staff of [VentureDeal](#).

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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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