

Venture Capital Funding Quarterly

Telecom • Wireless Mobile • Communications

3rd Quarter, 2008 – United States

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Summary

Telecommunications, Wireless, Mobile and Communications technology startups raised \$375 million during Q3 08, a reduction of 38% from the previous quarter. 45 companies received funding, a decrease of 36% quarter over quarter. This continues and accelerates the recent downward trend of lower funding for the four sectors in the aggregate.

As the one bright spot, Mobile companies continue to show financing amount growth throughout the funding downturn. Wireless firms continue to receive the greatest funding amount between the four sectors.

Funding Activity

Telecom

The Telecom sector showed a dramatic reduction in funding, with a 69% decline in funding amounts and a 58% reduction in the number of companies funded during the quarter. As in the previous quarter, two companies received the lion's share of the funding. [Aktino](#) raised \$14.2 million in its third round of venture capital financing. The company sells a bonded copper solution for telecommunications providers in the Ethernet and legacy broadband service markets.

[Fonality](#) secured \$12 million from venture capital firm [Draper Fisher Jurvetson](#) and strategic investor [Intel Capital](#). The company said it would use the funding proceeds for expansion purposes. Fonality provides affordable telecom solutions for businesses with 5 to 500 people per location.

Two other Telecom fundings during the quarter received close to \$2.5 million each:

Alfalight	\$2.5 million
Telovations	\$2.3 million

Wireless

18 Wireless technology startups raised \$179 million during the quarter, a decrease of 48% in dollar volume and a decrease of 45% in the number of companies receiving funding versus the previous quarter. This reverses a previous trend of consistent and healthy growth in the sector.

The largest financing during the quarter was [WildBlue Communications](#), which received \$50 million. The company offers high-speed Internet access via satellite and is focused on rural and underserved markets. WildBlue said that it would use the funding proceeds to expand its equipment leasing program for customers and expand its customer service posture.

[RadioFrame Networks](#) raised \$28 million in its series F venture equity and debt funding round. A large syndicate of investors made the investment, which will be used to "fund operations and development targeting their rapidly growing femto and picocell market opportunity."

[InnerWireless](#) secured \$2 million during the quarter. The company offers a converged in-building wireless platform for enterprises that "guarantees both wireless coverage and signal strength." The company was founded in 1998 and claims more than 100 customers and a large syndicate of venture capital investors.

Mobile

The Mobile sector was the one bright spot during the quarter, with 18 companies securing \$141 million in new funding, representing a 17% increase in funding amounts over the previous quarter. The funding activity was divided among a few relatively large rounds and remaining smaller rounds.

[SOMA Networks](#) garnered \$51 million to help it continue its international expansion and fund what it calls the "industry's largest WiMAX network" with India's state-owned telecommunications company.

[JumpTap](#) received \$26 million in its series D financing round, supported by a number of venture capital and private equity firms. JumpTap provides technology for advanced mobile search and advertising applications, and said it would use the funding proceeds to continue its expansion in the United States and Europe.

[Amobee Media Systems](#) raised another round of funding, for an undisclosed amount. Notably, this round included major corporate strategic investors, [Cisco Systems](#), [Motorola Ventures](#) and [Vodafone](#), in addition to its existing venture capital investors. The company said that the investment followed a global alliance with Spanish telecom giant [Telefonica](#).

Communications

The Communications sector continued to see declines, with four companies raising only \$21 million, representing declines of 20% and 25% versus the previous quarter, respectively.

Fremont, California-based [Digital Fountain](#) landed \$5.2 million in new funding. The company licenses forward error correction (FEC) technology that enhances the quality of data network communications.

[HyperQuality](#) secured \$7.6 million to support its business plan to provide operations improvement systems to enterprise contact centers.

[OmniLink Systems](#) garnered \$4.6 million from Grotech Capital Group and Imlay Investments. OmniLink provides electronic monitoring systems for both assets and people in the commercial and judicial markets.

For Table of Venture Funding Activity, see Next Page

Table 1

Venture Funding Activity – 3rd Quarter 2008

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Telecom	\$34 Million	- 69 %	5	- 58 %
Wireless	\$179 Million	- 48 %	18	- 45 %
Mobile	\$141 Million	+ 17 %	18	- 10 %
Communications	\$21 Million	- 25 %	4	- 20 %
Total	\$375 Million	- 38 %	45	- 36 %

Notes

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

The information source used was the 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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