

Venture Capital Funding Quarterly

Telecom • Wireless Mobile • Communications

3rd Quarter, 2009 – United States

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Summary

Telecommunications, Wireless, Mobile and Communications technology startups raised \$277 million during Q3 09, an increase of 36% from the previous quarter. 43 companies received funding, an increase of 16% quarter over quarter. Previously, these four sectors showed a decreasing trend of funding in the aggregate. The current quarter indicated a significant increase in funding amounts.

The only sector among the four that posted lower quarter over quarter results was Telecom, which continued to show a sharp decline in dollar volume terms of funding (- \$44 million) among the four sectors.

Funding Activity

Telecom

The Telecom sector indicated a dramatic decrease in funding, with a 62% reduction in funding amounts between a 60% decrease in the number of companies funded during the quarter. As in previous quarters, relatively few companies received the lion's share of the funding.

The primary funding event during the quarter was for [Vocollect](#), which received \$15 million in a new round of financing. The company sells an open voice product platform called Vocollect Voice that literally talks people through their daily tasks and to-do lists.

[Clear Access](#) secured \$6 million in its series B round of syndicated venture capital investment. Clear Access said it would use part of the funding round to develop "innovative data services that service providers can deploy remotely using the ClearVision Management System."

Wireless

17 Wireless technology startups raised \$162 million during the quarter, an increase of 69% in dollar volume and an increase of 31% in the number of companies receiving funding versus the previous quarter. This represents a continued improvement from the previous quarter's funding increases.

The largest financing during the quarter was for [Meru Networks](#), which raised \$57.5 million. Meru Networks is developing wireless technology to enable the "all wireless enterprise." The financing round included a large syndicate of existing and new venture capital investors.

[WeFi](#) garnered an undisclosed amount of funding for its second investment round. WeFi is backed by [Lightspeed Venture Partners](#) and Israeli VC firm [Pitango Venture Capital](#). The company said it would use the funding proceeds to expand its business development efforts and continue product development.

[NewPath Networks](#) secured \$10 million in venture capital debt from [Square 1 Bank](#) during the quarter. NewPath operates a fiber fed wireless carrier network that improves signal strength and network capacity.

Mobile

The Mobile sector reversed its previous multi-quarter decline, with 17 companies securing \$55 million in new funding, representing a 90% increase in funding amounts versus the previous quarter. The number of companies funded increased from nine, an 89% increase versus the previous quarter.

[Mobile Iron](#) raised \$11 million in a new round of financing. The company's technology aims to reduce smartphone computing costs for the enterprise by moving smart phone data to the cloud via its Virtual Smartphone Platform. The funding was provided by [Storm Ventures](#), [Sequoia Capital](#) and [Norwest Venture Partners](#).

There were a number of Series A funding rounds during the quarter:

Apperian	\$1 million
Aloqa	\$1.5 million
Nexage	\$4 million

Communications

The Communications sector saw the largest percentage increase in funding volume, with companies in this sector raising \$33 million during the quarter, an increase of 400% versus the previous quarter. The number of companies funded totaled 5, the same as the previous quarter.

The largest funding event of the quarter was for [Tervela](#), which received \$18 million from a syndicate of venture capital and private equity firms. The company has developed what it calls the first hardware-based messaging platform that is a hybrid of networking and middleware technology. Proceeds purposes from the funding round were not disclosed.

In an unpublished funding, [Ubicom](#) received approximately \$4.4 million from its existing group of investors. The San Jose, California-based firm is developing communications and media processor and software platforms that speed multimedia content delivery to the digital home.

[NeoEdge Networks](#) secured \$4 million in its series A round of funding from undisclosed investors. The company said that the proceeds would be used to help accelerate its advertising services revenue growth.

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Table 1

Venture Funding Activity – 3rd Quarter 2009

Industry	Total Amount Funded	% Change Vs. Prior Quarter	Number of Companies Funded	% Change vs. Prior Quarter
Telecom	\$27 Million	- 62%	4	- 60 %
Wireless	\$162 Million	+ 69%	17	+ 31%
Mobile	\$55 Million	+ 90%	17	+ 89%
Communications	\$33 Million	+ 400%	5	--
Total	\$277 Million	+ 36%	43	+ 16%

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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