

# Venture capital investments fall 19 percent in 1Q

April 20 2012, By BARBARA ORTUTAY , AP Technology Writer

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(AP) -- Funding for startups fell 19 percent in the first three months of the year, as cautious venture capitalists funneled less money into fewer deals.

According to a study out Friday, [startup](#) investments fell to \$5.8 billion in the January-March quarter from \$7.1 billion in the same period in 2011. The companies receiving deals were mainly in the Internet, energy and medical device sectors in the later stages of development. There were 758 deals completed during the quarter, 15 percent fewer than the 889 a year earlier.

The MoneyTree study was conducted by PricewaterhouseCoopers and the National Venture Capital Association based on data from Thomson Reuters.

SquareTrade Inc., a provider of extended warranty services for electronics, had the largest funding deal in the quarter with \$238 million. At No. 2 was Sapphire Energy Inc., a developer of algae-based crude oil, which received \$139 million in early-stage funding. Fisker Automotive Inc. was in third place. The electronic vehicle company got \$130 million in later-stage funding.

The decline was seen for investments at all stages:

- Fifty-three seed-stage companies received \$141 million in [funding](#), down from 86 companies and \$211 million a year earlier.

- Venture investors poured \$1.61 billion into 290 early-stage startups, down from \$1.81 billion and 320 companies.
- A total of 207 expansion-stage companies received \$1.71 billion, down from 221 companies and \$2.26 billion.
- For later-stage startups, 208 companies grabbed \$2.28 billion. That's down from 234 companies and \$2.41 billion.

"The industry continues to contract and consolidate, which is beginning to manifest itself in fewer dollars being invested in fewer deals," said Mark Heesen, president of the [National Venture Capital Association](#), in a statement.

He added that, as innovation continues to advance very quickly, many seed-stage companies are likely being funded in "stealth mode, forming a pipeline that is not yet visible to the public eye."

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