

Report: Venture investments rose 17 pct in 3Q (Update)

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A new report says funding for U.S. startups rose in the third quarter from year-ago levels, as venture capitalists poured money into a growing number of fledging software companies.

According to the report released Friday, total investments in startups rose 17 percent to \$7.78 billion from \$6.63 billion in the July-September quarter of 2012. The number of deals rose 7 percent to 1,005 from 937.

The software industry's \$3.57 billion in funding accounted for the largest chunk of the total and marked a 77 percent jump from a year ago. It also marked the first time the industry passed the \$3 billion mark in 12 years.

Software also accounted for the largest number of deals with 420, including nine of the quarter's 11 largest investments.

"It's an exciting time to be an entrepreneur with a software company," Mark McCaffrey, global technology partner and software leader at PriceWaterHouseCoopers U.S. said in a statement. "More venture capital dollars are going into more software deals than we've seen in the past decade."

McCaffrey added that innovative technologies in the software industry continue to become more valuable, prompting venture capitalists to increase their investments in the area.

Biotechnology came in a distant second place. Its funding fell 31 percent

to \$852.1 million for 123 deals, down one deal from the year-ago period.

The largest deal of the quarter was a \$257.8 million infusion that went to San Francisco-based Uber Technologies Inc., which provides on-demand car service through iPhones and text messages. The money came from Google Ventures and TPG Capital LP.

Palantir Technologies Inc., a Palo Alto, California-based developer of analytics software, took second place with \$196.5 million in funding from an undisclosed firm.

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

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