Leading Hi-Tech Ecosystem Outside the US

In absolute terms Israel has the largest number of start up companies in the world, except for the US – 5000 start ups.
In Israel there are more start up companies per capita than in any other place in the world outside the US.
15% of GDP in Israel is derived from the high tech industry. Highest contributor to GDP growth.
44% Of Israel’s Industrial Export derives from the high tech industry

Well-balanced across global regions

Export Destinations, 2013 (%)

- Europe: 36%
- North America: 28%
- Asia: 25%
- Other: 11.3%

Source: Israeli Central Bureau of Statistics
R&D as % of GDP

Source: OECD, 2013 data (latest available)
Israel is a World Leader in Science, Technology and Innovation

- 6 Israelis in the last 10 years have been awarded Nobel Prizes in the fields of Economics and Chemistry
- Israel has the highest ratio of scientists & technicians per 10,000 workers
Tel Aviv is a Worldwide Leading Start Up Eco-System
Israel’s Technology Success in NASDAQ Listings

More than 100 Israeli Tech companies are listed on NASDAQ, NYSE & AMEX – 3rd largest in the world
Connecting Israel's Tech Ecosystem

Israeli High-Tech Capital Raising $4.4B in 2015!

Total $B Investment in Israeli Startups
Over $1B raised every quarter by Israeli startups in the last 6 quarters (Q4 2014-Q2 2016)

Source: iVC Research Center
Investments in Israeli Tech Companies
Israeli VC Funds vs Foreign Investors

- 10 year record - Increased activity by foreign investments
- Israeli LPs are not participating in the growth of the Israeli VC industry
Innovation Investments
Global VC Activity

2000 - $128B
- China: 3%
- Europe: 0.7%
- India: 14%
- US: 82%
- Israel: 0.3%

2005 - $33.1B
- China: 3.9%
- Europe: 3.3%
- India: 16.3%
- US: 75.5%
- Israel: 1.0%

2015 - $122.5B
- China: 4%
- Europe: 22%
- India: 11%
- US: 6%
- Israel: 57%

Source:
magma
Connecting Israel’s Tech Ecosystem
Connecting Israel’s Tech Ecosystem

Multinational R&D Centers in Israel

Israel has the highest number of R&D centers of global companies in the entire world outside of the US.

300 MNC’s
There are 250,000 employees in the high tech sector - more than 10% of the total employment in Israel.
of the employees in the high tech industry are employed by the multinational companies in Israel.
“Made in Israel” Products Used Every Day Around the World

- Waze: Social GPS
- OBJET: 3-D Printers
- SanDisk: Flash Memory
- Intel: Pentium Processor
- Cutting Tools: Operator Billing
- amdocs: Mobile Camera
- Samsung: Mobile Camera
- Google: Google Suggest
- Check Point: Software Testing (Mercury)
- Mobileye: Driver Awareness
- Pillcam: Camera Pill
- Glen Imaging: Firewall
- Firecom: Software Testing (Mercury)
Israeli High Tech Industry – Ingredients for Success

**Innovation Nation**

**Israeli Tech Companies**
- 100 companies on NASDAQ
- 1200 companies established a year

**Human Capital**
- Defense, Academy
- Entrepreneurial Culture
- Highest # of engineers per Capita

**Multinational Companies**
- R&D Centers
- Over 300 global tech leaders in Israel

**Seasoned Investment Ecosystem**
- VC, Angels, Micro Funds
- Incubators, Accelerators
- Growth Funds, Bankers, Legal

**R&D, Defense, Academy**
- World’s highest R&D expenses as % of GDP
- High-tech’s contribution to GDP - Highest globally!

**Government Support**
- Chief Science Taxation
- Bi National R&D Funds

Connecting Israel’s Tech Ecosystem
Israel’s Startup Ecosystem

5000+ Startups

300(-) Multinational R&D Centers

Military R&D Units
(IT security, cryptography, communications and electronic warfare)

Academia
STEM education
Technology Transfer License

Government Authorities (Ministry of Economy, Office of the Chief Scientist)

Incubators and Accelerators (Microsoft Ventures, JVP, The Junction)

Advisors (Legal, Accounting, Business Development)

Local Large Israeli High-Tech Companies
~30

Investment Banks

Venture Capital Firms
IATI IS “THE VOICE” OF THE INDUSTRY

IATI is the Israel’s UMBRELLA ORGANIZATION dedicated to leveraging its high-tech & life science industries by providing government support and creating business opportunities.
IATI Members
IATI promotes and supports the entire ECO-SYSTEM

- Angels
- Researchers
- Mature Israeli companies
- Government
- MNC
- VC funds
- Entrepreneurs
- Incubators
- TTO
- Academia
- Hospitals
- Start-ups
- Municipalities
- Service providers
- Related industry organizations
- Growth companies
- Accelerators

Connecting Israel's Tech Ecosystem
IATI BOARD

Connecting Israel’s Tech Ecosystem
IATI Mission & Goals

- IATI is “The Voice” of the high tech industry
- Advocate vis a vis the government, regulators and high tech specialist advisors
- Positioning and promoting the high tech & life science industry as the no. 1 industry in Israel and as a leading global industry
- Business development and creating business opportunities for IATI Members in Israel and abroad
IATI Goals

- Supporting government activity and advocating for public policy that encourages innovation and creates jobs, as well as rewards long term investments in the High tech industry
- Promoting technology education (STEM) at all levels
- Supporting the employment of communities not active in the ecosystem (Haredim, Arabs and other minorities)
Connecting Israel’s Tech Ecosystem

Packaging should be a natural part of organic waste

TIPA has developed a breakthrough technology of flexible packaging that can become a natural resource in a composter, exactly like an orange peel.

A Snact package was tested in TIPA's labs to simulate home composting conditions:

- Remains of the package after 1 week
- Remains of the package after 10 weeks
- Remains of the package after 24 weeks

TIPA 100% compostable
Kaiima’s vision is to continue to develop a sustainable, high capacity castor farming system that enhancing plant productivity, enabling growers to scale-up their castor farming and achieve breakthrough bean and oil yield potential.
The Kitchen is an incubator that nurtures and invests in cutting edge technology start-ups that can add value across the food supply chain.

Some of the technologies enable using sustainable resources for food production - startups like:

- **YOFIX**
  developed a platform for pro-biotic foods and drinks based on a unique ingredients blend of cereals, nuts and seeds replacing milk products.

- **FLYING SPARK**
  Humanity cannot rely on livestock as a source of protein for the future. The company is taking on the enormous challenge of finding alternative protein sources for human consumption.
ReWalk Robotics is an innovative medical device company allowing wheelchair-bound individuals to stand and walk once again.

Its mission is the to fundamentally change the Quality of Life for individuals with lower limb disability through the creation and development of market leading robotic technologies.
Evogene's mission

To be the world leader in applying Plant Genomics for improving plant performance to address the global demand for food, feed & fuel.

Biotechnology
The introduction of new traits (via genes) into crops, an industry of $13.2 billion in 2011, with an annual growth rate of 14% in recent years. Plant biotechnology offers a virtually unlimited palette of traits that can be enhanced or introduced into plants to meet farmers' needs worldwide.

Advanced Breeding
With the global seed market today valued at approximately $35 billion, enhancing native traits through genomics-guided, efficient and precise breeding schemes plays a major role in ensuring food, feed and fuel security by developing new plant varieties.

Ag-Chemicals
A global market valued at approximately $48 billion, comprised mainly of herbicides, insecticides and pesticides. The growing understanding of plant genomics allows development of novel ag-chemicals with new modes of action. Recently, the introduction of ag-chemicals impacting plant growth and stress tolerance provide a major growth engine.
THANK YOU

Karin@iati.co.il
Government Support - OCS
Sharing the technology development risk with the private sector

- Office of Chief Scientist (OCS) has a budget of $450 million
- Funds ~1000 projects undertaken by ~500 companies
- Finance 24 incubators spread around Israel

Activities in Israel

R&D Fund
Technological Incubators
Tnufa
Hezneck-Seed Fund
Magnet (Magneton & Nofar) Program
Support for Research Institutes

International Activities

Bi-National Funds
Bi-National Agreements
European Union Programs EP-6
EUREKA
US-Israel Science & Technology Commission
2014-2015 Great M&A Years

- Viber by Rakuten: $900M, February 2014
- CYVERA by Palo Alto Networks: $200M, March 2014
- Check by Intuit: $360M, May 2014
- Wilocity by Qualcomm: $390M, July 2014
- superderivatives by ICE: $350M, Sept 2014
- Adato by Microsoft: $200M, Nov 2014
- redbend by HARMAN: $200M, January 2015
- Amnapura by Amazon.com: $360M, January 2015
- Lumenis by XIO GROUP: $510M, June 2015
- PANAYA by Infosys: $230M, February 2015
- exelate by Nielsen: $200M, March 2015
- FUNDtech by D+H: $1.2B, March 2015
- ADALLOM by Microsoft: $320M, July 2015
- Plus500 by Playtech: $720M, July 2015
Israeli high Tech Exits Highlights

- Exits totaled $9.02 billion in 2015 – up 16% from 2014
- 2015 average exit rises to $87 million – 43% above 10-year average
- Software topped all exits with $3.88B, due to $1.2B Fundtech exit
- $609M raised in 2015 IPOs – down from 2014 with an exceptional $2.1B
Dynamic Investment Ecosystem

Seed Ecosystem

VCs

Growth & Buyout Funds

2015:
$4.4B invested in Israeli Hi-Tech companies
$9B exit proceeds

Connecting Israel’s Tech Ecosystem
Eco-System
Existence of Critical Mass of Success Factors

- Entrepreneurial Culture - relevant “DNA” ingredients
- High quality Human Resources - academia, defense, immigration
- Developed Defense-related Technologies and R&D - civilian commercialization
- Global Technology Companies – increased presence and exposure
- Capital Availability – VC funds, strategic and financial investors, angels
- Proven Global Exit Avenues – M&A is the main avenue, increased activities
- Modern Infrastructure – legal, banking, financial, accounting, IP protection
- Government Support – financial incentives, OCS grants, tax exemptions
Growth of Israel $1B+ Companies

1990-2013
23 years – 31 companies

2013-2016
3 years – 16 companies

47 Companies

Connecting Israel’s Tech Ecosystem
Israel Venture Capital Overview/History

- **1992**: Government Sponsored Yozma Program
  - 10 New Funds
  - $20-30 million each
- **2000**: Grew to 120 Fund of All Sizes
- **2012**: Decreased to 30 Active Funds
- **2016**: ~70 Active Funds

---

Connecting Israel's Tech Ecosystem
### Israel Venture Capital Industry

**2016 Active Funds ~70**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro Funds ($10M - $80M)</td>
<td>25</td>
</tr>
<tr>
<td>Local Israeli Major Funds</td>
<td>12</td>
</tr>
<tr>
<td>International VCs with Israeli Office</td>
<td>14</td>
</tr>
<tr>
<td>New Growth Funds</td>
<td>10</td>
</tr>
<tr>
<td>Foreign Private Equity Funds</td>
<td>5</td>
</tr>
</tbody>
</table>

- **International Funds Actively Investing 220 Local Specialists**

### Notable Firms

- RHODIUM
- Canaan
- Gilot
- YL VENTURES
- Blumberg Capital
- Plus Ventures
- Entrée Capital

### International VCs with Israeli Office

- Bessemer Venture Partners
- Sequoia Capital
- ACCEL Partners
- Lightspeed Venture Partners
- Norwest Venture Partners
- Israel Growth Partners
- IGP
- Viola
- Pitango
- Vintage
- RedDot

- With offices in Israel
Creativity builds a better world

- 3D printers
- Voice mail
- Flash memory
- Disk on Key
- Firewall
- Google Auto complete
- Anti virus
- Waze-crowd navigation
Creativity builds a better world

- Stent
- Argo-R walk
- Pill Cam-Given Imaging
Key Trends

- Record investments and exits
- Investment appetite grows due to mega exits and increased risk appetite due to zero interest rates
- New and repeat Israeli funds achieve closing (Pitango, Carmel, Magma, Glilot, Vertex, 83North, Canaan Israel etc.)
- China becomes an investor
- Corporate VCs and R&D centers
- Corporate innovation activities - accelerators, incubators, direct investments. The old economy joins the innovation game

But...

- Limited export growth
- Rising costs
- Looking for Asia model