



UAE ISRAEL INNOVATION OFFICE

מרכז החדשנות של ישראל והאמירויות

مكتب التعاون الاماراتي الاسرائيلي



The Israeli Ecosystem

Prepared for:

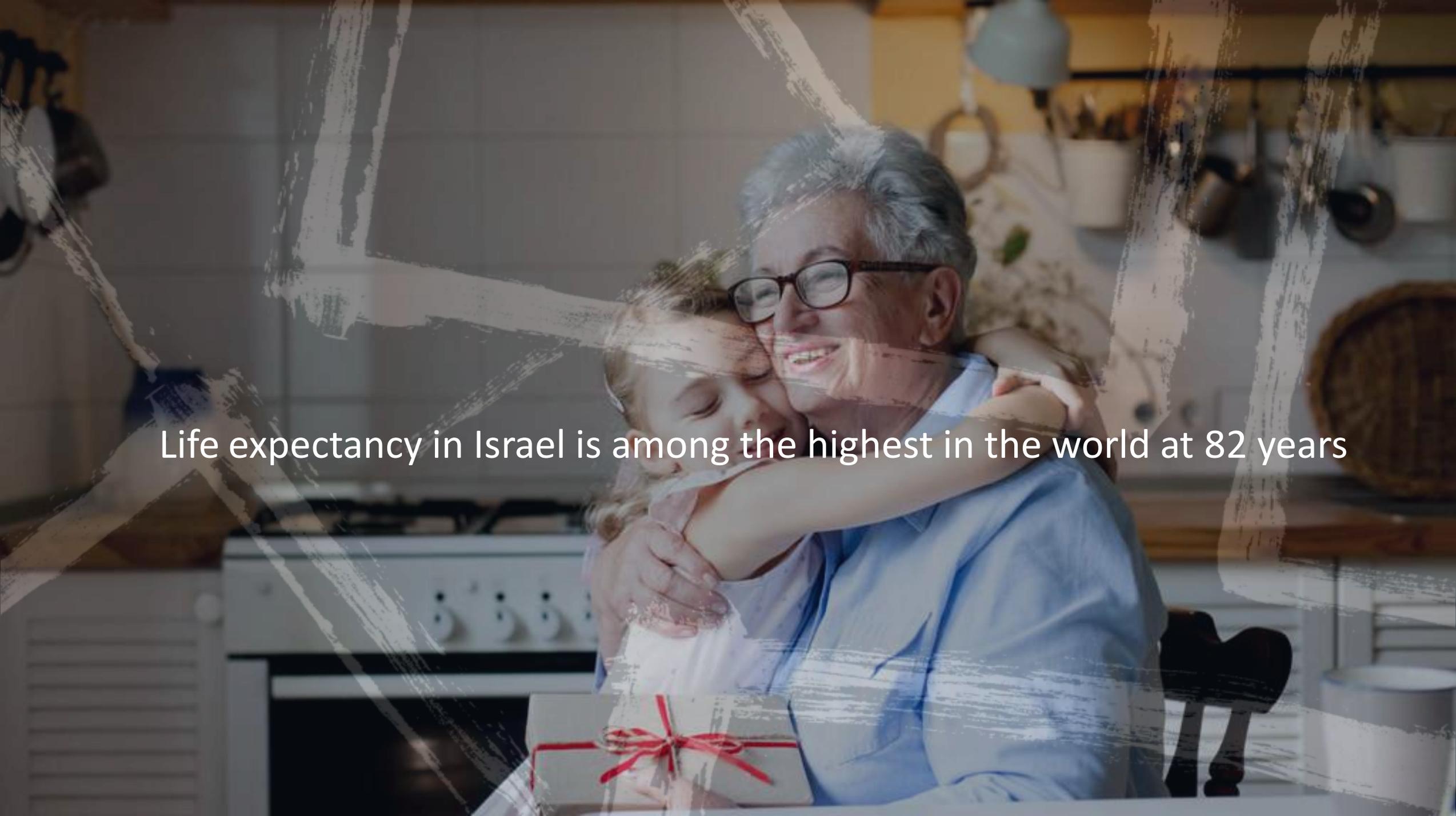
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A person with long dark hair, wearing a colorful patterned t-shirt and dark shorts, is riding a bicycle away from the camera on a dirt road. Their arms are outstretched to the sides in a gesture of joy or freedom. The background shows a vast, open landscape with dry grass, scattered trees, and distant mountains under a clear sky. The image has a warm, golden-hour lighting and is overlaid with several thick, white, brushstroke-like lines that create a sense of movement and energy.

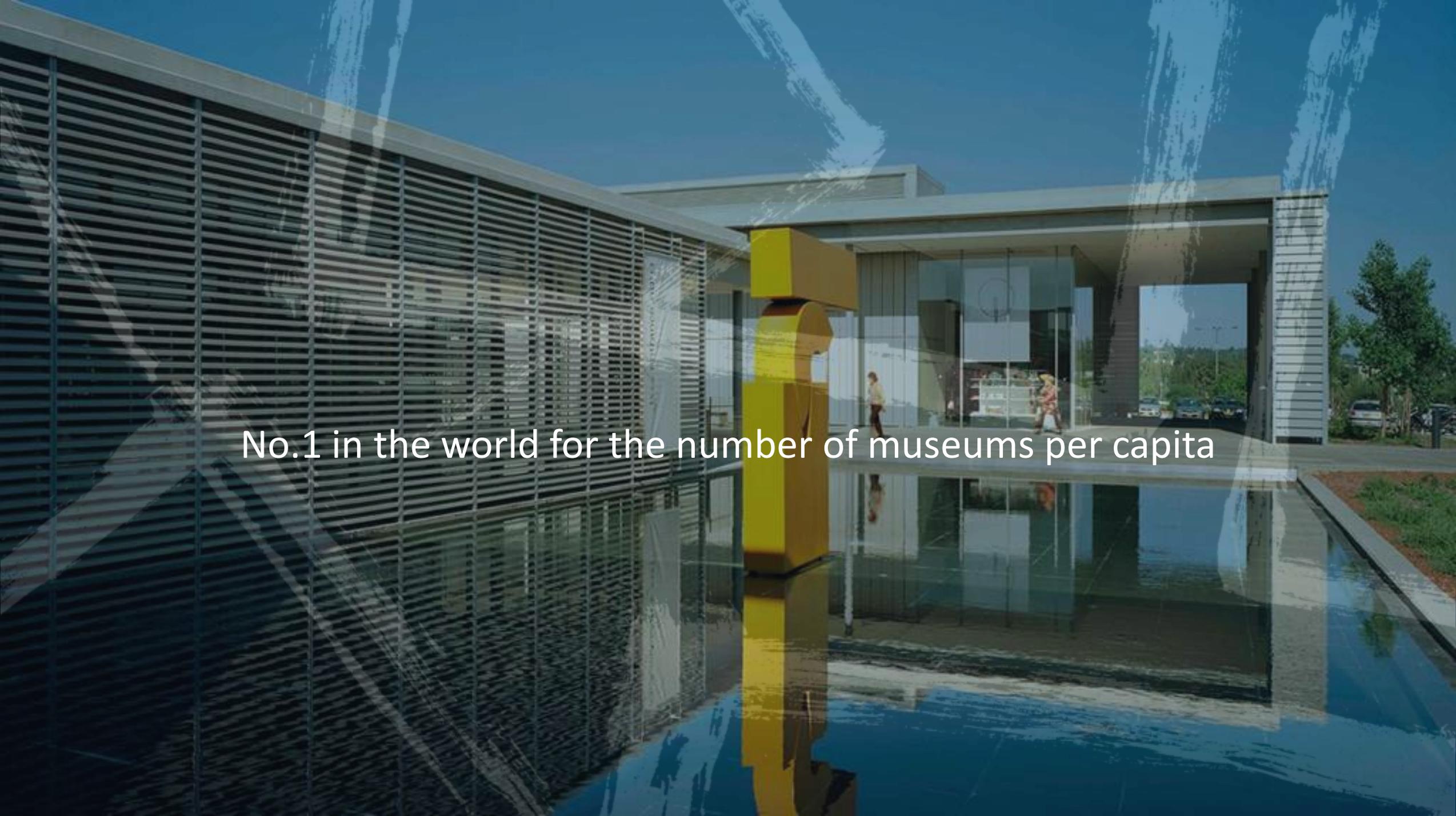
Israel was the twelfth happiest nation in 2021



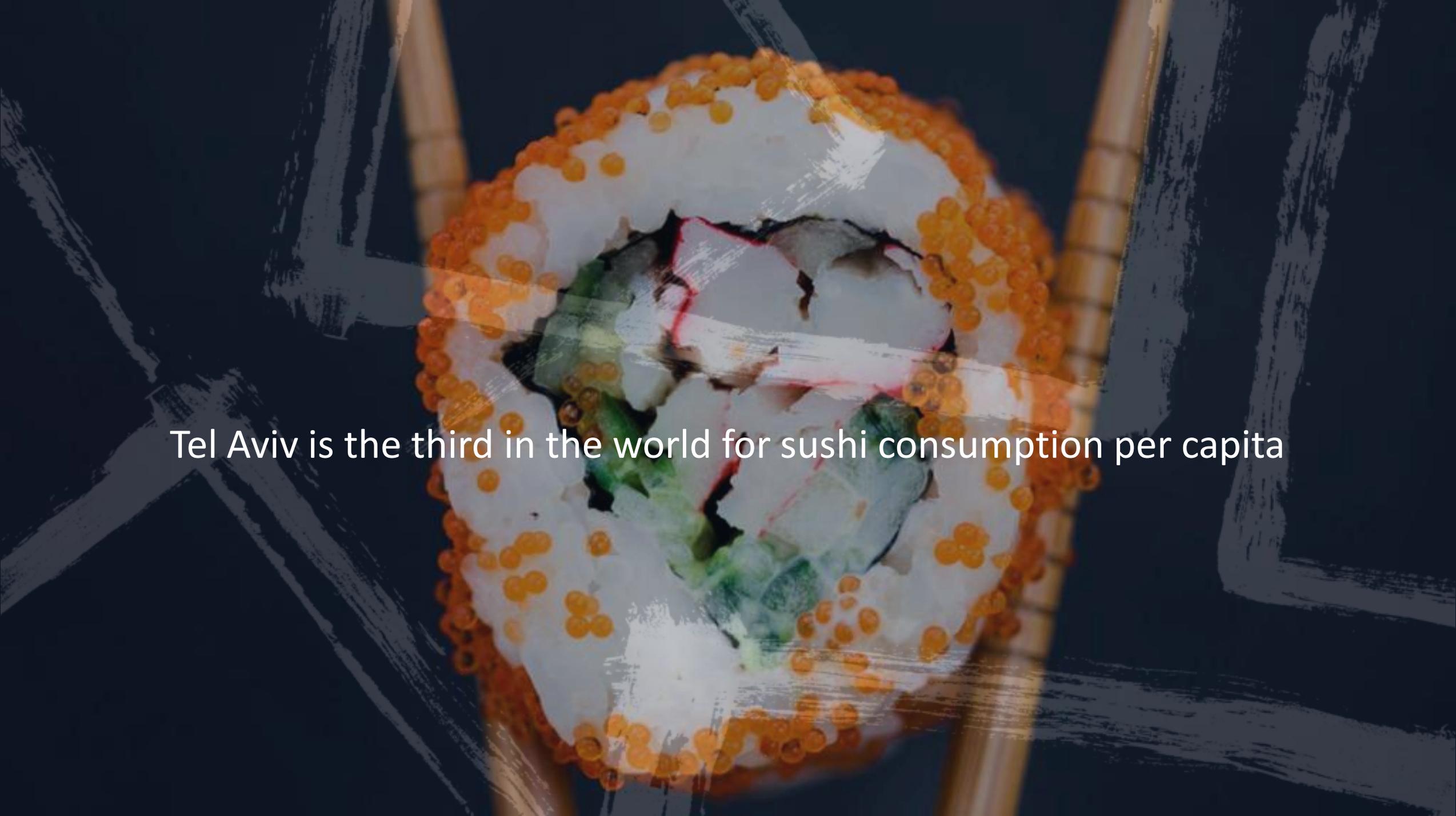
Life expectancy in Israel is among the highest in the world at 82 years



Fertility in Israel stands at 3.1 children per woman – the highest fertility rate in the OECD

A photograph of a modern museum building. The building features a large glass facade and a section with horizontal metal slats. In the foreground, there is a prominent yellow sculpture. The text "No.1 in the world for the number of museums per capita" is overlaid on the image.

No.1 in the world for the number of museums per capita



Tel Aviv is the third in the world for sushi consumption per capita

A top-down view of several chocolate bars and cocoa beans on a wooden surface. The chocolate bars are arranged in a grid pattern, with some bars partially overlapping. The cocoa beans are scattered in the bottom left corner. The background is a dark, textured surface, possibly a wooden table or a chocolate mold.

Israel is the third in the world for the consumption of chocolate per capita



Israelis eat over 40,000 tons of hummus a year, and it is estimated that Israelis spend 500 million Shekels a year on eating at hummus places



About 1 million notes are left in the Western Wall every year



According to Hebrew-language Wikipedia there are seven ways to eat a Krembo - one of Israel's favorite snacks

A collage of various types of waste including plastic bottles, metal cans, paper, and glass, with a large green recycling symbol in the center. The background is a light blue color with white brushstroke-like patterns. The recycling symbol is a large, green, three-chasing arrows forming a triangle.

90% of the wastewater are recycled

Israel is one of the two leading tech ecosystems worldwide



Silicon Valley

\$105B invested

- Internet
- Consumer (B2C)
- Product
- Extensive technologies
- R&D + Marketing/Sales

>16,000 Startups

Israel

\$25B invested

- Deep Technologies
- Business (B2B)
- Machine Vision
- Cyber
- R&D

>7,000 Startups



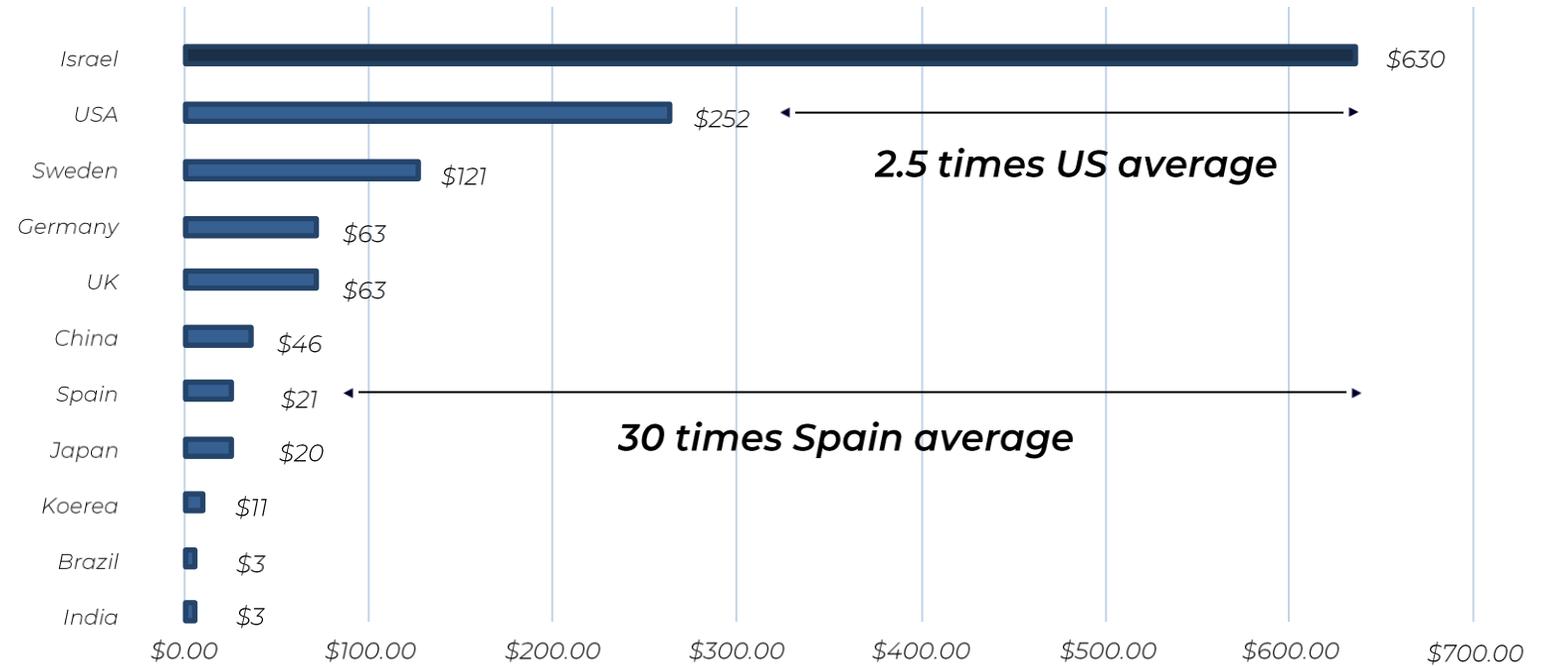
Source: IVC

- These markets share similar dynamism but Israel is excels in data heavy deep tech and b2b -

Silicon Valley Indicators, www.siliconvalleyindicators.com, IVC Israel, <http://www.ivc-online.com/>

Israel is the leader worldwide in per capita investment in venture capital

VC investment per capita
USD millions, 2017



Source: IVC

- The concentration of startups in Israel is unrivalled worldwide -

The World economic Forum ranks Israel #2 in Innovation World wide

Israel is the 100th smallest country in the world

1ST
in the world in the number of researchers per million population.²

1ST
in the world in the number of engineers per capita.³

1ST
in the world in R&D expenditure as a percentage of GDP.⁴

2ND
in the world in innovation.⁵

2ND
in the world in venture capital availability.⁶

3RD
in the world in the quality of scientific research institutes.⁷

3RD
in the world in corporate spending on R&D.⁸

Source: World Economic Forum, Invest in Israel

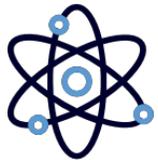
Israel's dynamism is reflected in the key market indicators



+350
Multinational company
R&D Centers



7,000
Active
Startups



4.5%
of GDP
In R&D 1st
Worldwide



\$10B
VC investment
in 2017



265
Nasdaq IPOs since 1980s
And 4th worldwide



\$81B
In high tech
Exits in 2017

Source: Multiple sources, WEF, IVC, Nasdaq, CIA Factbook

- A liquid market with consistent success stories and strong returns -

There are many unique traits that have enabled Israel's success

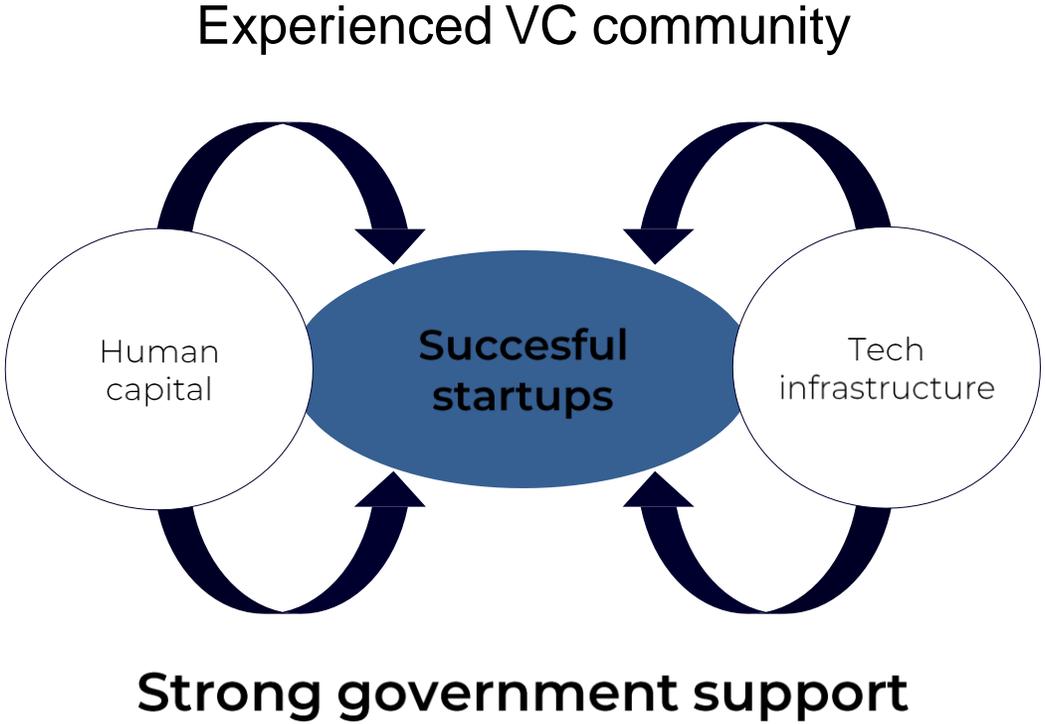
University graduates

Close knit community

Second time entrepreneurs

Technology company veterans

Entrepreneurial and innovation culture



Leading academic and research institutions

Defense tech spillover

Corporate spin-offs

Corporate R&D

Technological incubators

- A strong technological demand from the defense sector and an enabling government has created a fertile technology ecosystem -

270 VCs, (70 Intl) CVCs and accelerators in Israel constantly growing and changing



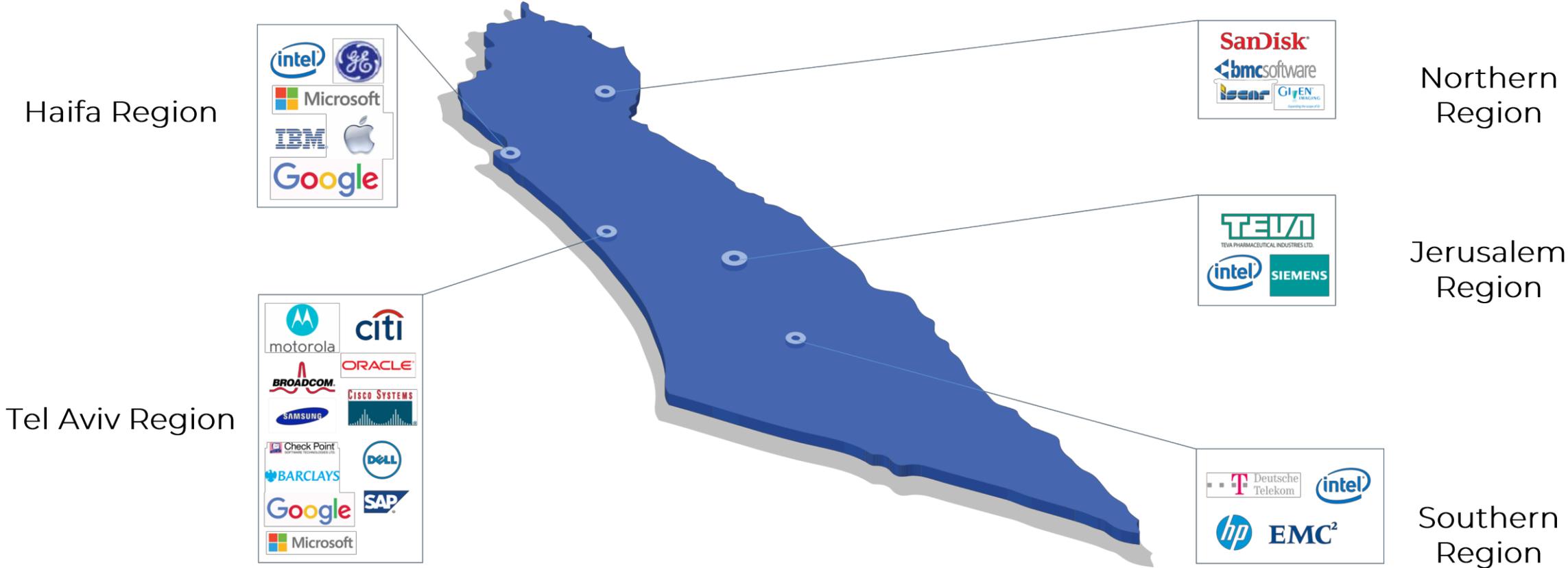
MNC (Multi National Corporation) R&D centers



Accelerators



Israel is where multinational companies come in search of high quality R&D employees. A «brain» market



- World class R&D with 50,000 Hightech employees within a 60 minute radius -

From desert to..



Israel is one of only two countries that began the 21st Century with a net gain in the number of trees and is the only country with negative desertification



More than nine out of 10 Israeli homes use solar power to heat water



Source: Invest in Ilan Regenbaum, Elevator

The Israeli Government & Army



יחידה 8200



OCS-Office of the
Chief Scientist
MINISTRY OF ECONOMY



נציבות
שירות
המדע



The Innovation
Platform

1967: French Weapons Embargo

Forced Israel to become self reliant for military technology and led to the formation of many of the advanced intelligence and computer units that have become the backbone of the Israeli Army and innovation/ startup sectors

1968: Office of the Chief Scientist

A Government office that works to commercialize advanced technologies. Today the OCS issues over \$30m of grants to startups each year.

Early 1990s: Business Incubator Program

Israel's Office of the Chief Scientist started 6 "incubators" to leverage the expertise of scientists, engineers and physicians who immigrated from the former USSR. Today there are 24 "incubators" situated across the country, designed to nurture and seed early stage technological developments.

1992: Yozma

Brought international investors to Israel

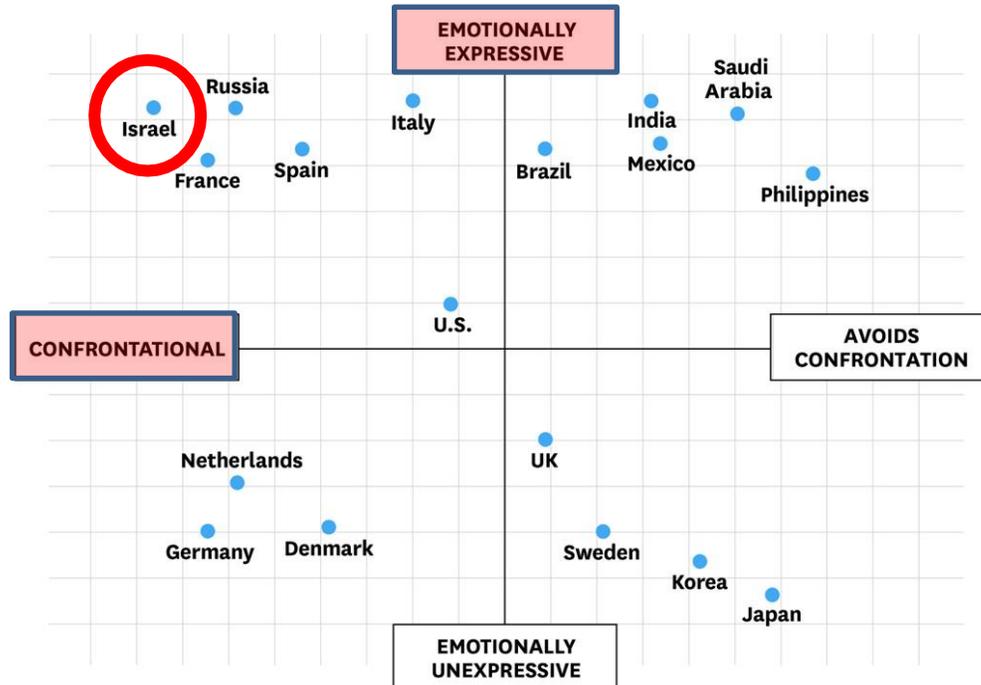
2010's: 8200 & The IAF Innovation Unit

Bringing innovation to the army, and sharing army innovation with the public and private sectors

Dealing with Israelis

Preparing to Face Your Counterpart

The map below sorts nationalities according to how confrontational and emotionally expressive they are. Although negotiators often believe that the two characteristics go hand in hand, that's not always the case.



SOURCE ERIN MEYER
FROM "GETTING TO SÍ, JA, OUI, HAI, AND DA," DECEMBER 2015

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- Very expressive
- No BS – they say things how they are
- Informal – they get their work done without wearing a suit
- Not afraid of failure
- Israelis have a very strong opinion on EVERYTHING
- They might yell, but help each other out
- LOVE to argue. And hate hierarchy
- Love challenges and dislike wasted talent

Israelis have Chutzpah and are very direct

Chutzpah:

extreme self-confidence or audacity (usually used approvingly)

Tachles:

"give it to me straight" or "to tell you the truth/be honest with you"

Israelis have Chutzpah and are very direct

Immigration

Immigrants many times have to start from scratch. They are by definition risk-takers. A nation of immigrants is a nation of entrepreneurs. “Nothing to lose attitude”. 1 Million Russians immigrated into Israel in the 1990s

Attitude & Willingness to Take Risks

That “nothing to lose attitude” is prevalent in most Israelis as they are not afraid to fail, and if their startup does fail, then they often learn from their mistakes and go on to found other companies.

Mandatory Army Service

The benefits are two-fold. On one hand, 18 year olds receive real life training and skill development before they go to college. On another hand, the IDF are known for being relatively un-hierarchical. Soldiers have minimal guidance from the top and are expected to question authority and improvise. The IDF has been described as a place where “taxi drivers can command millionaires and 23-year-olds can train their uncles”. Young adults mature fast. Many times they lead large teams which is an ideal skill for a startup.

Regional Situation & Necessity

Because Israel does not have the friendliest neighbors and the best climate, they have always been forced to think on their feet. Whether in developing a self-sustaining military industry to protect themselves or advanced water management and agricultural technologies to make the desert bloom.

My Story or “How to fail after 3 exits”

- MBA
- Marketing Director for Phillip Morris USA
- Founded first company in 2001
- Sold in 2007
- Angel investing in Israel
- Sold first Israeli company ever to Google
- 2010 founded ChatVibes
- 2011 Sold
- 2014 Founded TVibes
- 2015 Failed miserably



Being an entrepreneur I thought this would be the case:



<https://www.youtube.com/watch?v=ESFKN9UMrUs&feature=youtu.be>



But this was the case:



GC Marketing- My Story

- Sole founder of the company in 2001
- Online Nationwide Staffing agency with 80K BA's
- Bootstrapped and brought the company to millions of dollars in revenues
- Sold majority stake of the company in late 2007 and stayed as Chairman
- Bought %100 of the company in 2016



Angel Investing

- No job after First Exit
- Opportunity in the Market
- Low Valuations compared to US and Europe
- Bring Biz Dev to Portfolio companies
- Sell Equity on next round of financing- do not wait until big exit

My first investment:

First ever Israeli
Company sold to
Google

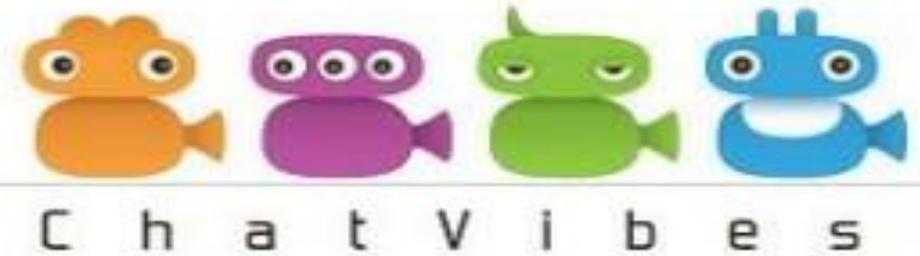


L A B P I X I E S

Google

ChatVibes

- ChatVibes was the FIRST Video Chat app for Facebook
- Raised a seed round of \$300,000
- Generated 30,000,000 downloads
- Reached the 600th most visited site on the Internet according to Alexa
- Achieved a run-rate of \$600K monthly revenues
- Fastest growing Facebook page
- 2nd most watched YouTube tech video
- 2nd most popular Chrome extension
- acquired at the end of 2011



TVibes

- TVibes is your own channel in the cloud where all your videos are streamed to. Watch and share your broadcasts with your family and friends or discover and follow video channels from around the world
- seed round of close to a million USD from 12 different angle investors
- Big Fail



TVibes



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