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Cracking the Innovation Code

Even under fire Tel Aviv manages to attract foreign tech talent, writes *Jennifer L. Schenker*

Creating the next Silicon Valley is the new Holy Grail for cities around the world and Tel Aviv is arguably among the closest to the goal. It has one of the highest densities of tech start-ups, ranking number two globally after Silicon Valley, according to Start-up Genome's Startup Ecosystem Index.

But cracking the innovation code – the theme of this year's Cities Summit during the DLD Tel Aviv Innovation Festival – also requires the ability to compete for creative talent with other cities and ecosystems on the world stage. And in that category the Start-up Nation has a special challenge.

How do you lure foreign entrepreneurs to set up shop in a place where residents have recently had to run for cover in bomb shelters and feel the need to stock gas masks in case of attack from chemical weapons?

The economic impact of the latest conflict with Gaza was significant. Hardest hit was tourism, with reports suggesting the number of visitors in July fell by 26% compared with the previous year.

The conflict cost the tourist industry at least \$566 million, according to the Ministry of Tourism. Some estimates suggest economic output will contract between 1.5% and 2% in the third quarter. That would be on par with 2006 when the economy contracted 1.4% in the third quarter following a previous action.



Luckily for Tel Aviv, entrepreneurs of any nationality are risk takers. Kentaro Sakakibara arrived in Tel Aviv from Japan this summer while rockets from Gaza were still flying, to set up a new incubator called Samurai House on Rothschild Boulevard, known as Start-Up Boulevard for the density of entrepreneurs that have set up in the heart of the city (see the map on pages 14 and 15).

Sakakibara, who goes by the name 'Ken Samurai' locally because it is easier for Israelis to pronounce and remember, has already convinced several Japanese entrepreneurs to join him in Israel.

"For us it is 100% no worries," he says. "Some older Japanese businessmen left Tel Aviv two months ago [when the most recent conflict with Gaza started] but for the younger entrepreneurs it's ok."

Samurai House has a \$5 million fund with plans to raise a second, larger one. The goal in the first phase is to invest in 10 joint ventures between Israeli and Japanese entrepreneurs and then create another 50, says Sakakibara, who has committed to living in Israel for five years.

The new incubator will also serve as a bridge between large Japanese companies looking to bring innovation in from the outside and Israeli start-ups. To that end, Toyota InfoTechnology Center, the R&D arm of the Japanese automaker, has already scheduled a hackathon with Israeli engineers.

The incubator appears to be off to a good start: 77 people showed up for Samurai House's inauguration party on July 31st, only a week after U.S. and European airlines canceled flights to Israel over security concerns.

The rockets also didn't discourage a cohort of entrepreneurs from the National University of Singapore who simultaneously started internships at Israeli start-ups and courses at the Zell Center for Entrepreneurship on July 1st, in the heat of the conflict. "They didn't even think of leaving," says Liat Aaronson, Executive Director of the Zell Entrepreneurship Program Interdisciplinary Center (IDC) in Herzliya, north of Tel Aviv.

And security concerns didn't faze entrepreneurs from 16 other countries who won all-expenses-paid trips to Tel Aviv during the DLD Tel Aviv Innovation Festival as part of Start Tel Aviv, a contest designed to attract foreigners to Israel.

At press time, none of the entrepreneurs had canceled, says Yael Weinstein, head of Start Tel Aviv and Director of Economic Development at Tel-Aviv Global, a job focused on promoting Tel Aviv's development into an international hub.

AGROMALL, a Bogotá, Colombia-based start-up aiming to connect farmers to markets, even elected to pay for a second member of its team to come along.

"We are really enthusiastic about coming to Tel Aviv," says CEO Camilo Reyes.

The hope is that the company will learn from people in Israel's ecosystem and possibly raise money to help it go global, he says. But would the team actually consider moving to Israel? "We hadn't thought about it yet but why not?" says Reyes, who is not Jewish.

Attracting more foreign entrepreneurs to set up shop in Israel would be a good thing, says Zack Weisfeld, head of Microsoft Ventures Europe and Global Accelerators Program, a scheduled speaker at DLD Tel Aviv.

"All of the Israeli companies are started by bald-headed guys coming out of the same Israeli army unit – the logos are the only thing that is different. They come up with great stuff but there is still something missing.

"The biggest win for Tel Aviv would be to bring in more international start-ups to create more diversity."

If the city can get them to come – even just for a visit – it has a good chance of convincing them to stay.

"There is no other city in the world with such a gap between its image prior to a visit and what is discovered in reality," says Ron Huldai, Tel Aviv's mayor.

"Anyone who comes sees how open, free, pluralistic, energetic and creative this city is – even during times of security situations – and how the economy continues to grow and flourish."

The government has been working on a special visa for foreign entrepreneurs, which it hopes will be available soon.

What's more, "we have launched free Wi-Fi in the whole city; we've opened co-working spaces for entrepreneurs in attractive locations, including new centers that are going to open for women entrepreneurs and the Arab public in Jaffa; we have developed a direct connection between entrepreneurs and the municipality at our young adults centers; we have relieved municipal taxes that are charged to start-up companies," says Huldai.

Like other tech hubs it also offers personal consulting services to entrepreneurs to make it easier for them to find housing, deal with visa issues and set up meetings with people in the ecosystem. It has also set aside room in co-working spaces for foreign entrepreneurs to interact and network with the Israeli start-up community.

The real draw – beyond the beaches, the nightlife and the weather – is that Tel Aviv has the most sophisticated technology ecosystem outside of Silicon Valley.

"Tel Aviv is the commercial capital of a start-up nation and that does make it different from any other tech hub, including the Bay area," says Saul Klein, a partner at Index Ventures and the UK's tech envoy to Israel.

"Tech and entrepreneurship are so fundamental to the Israeli economy – tech

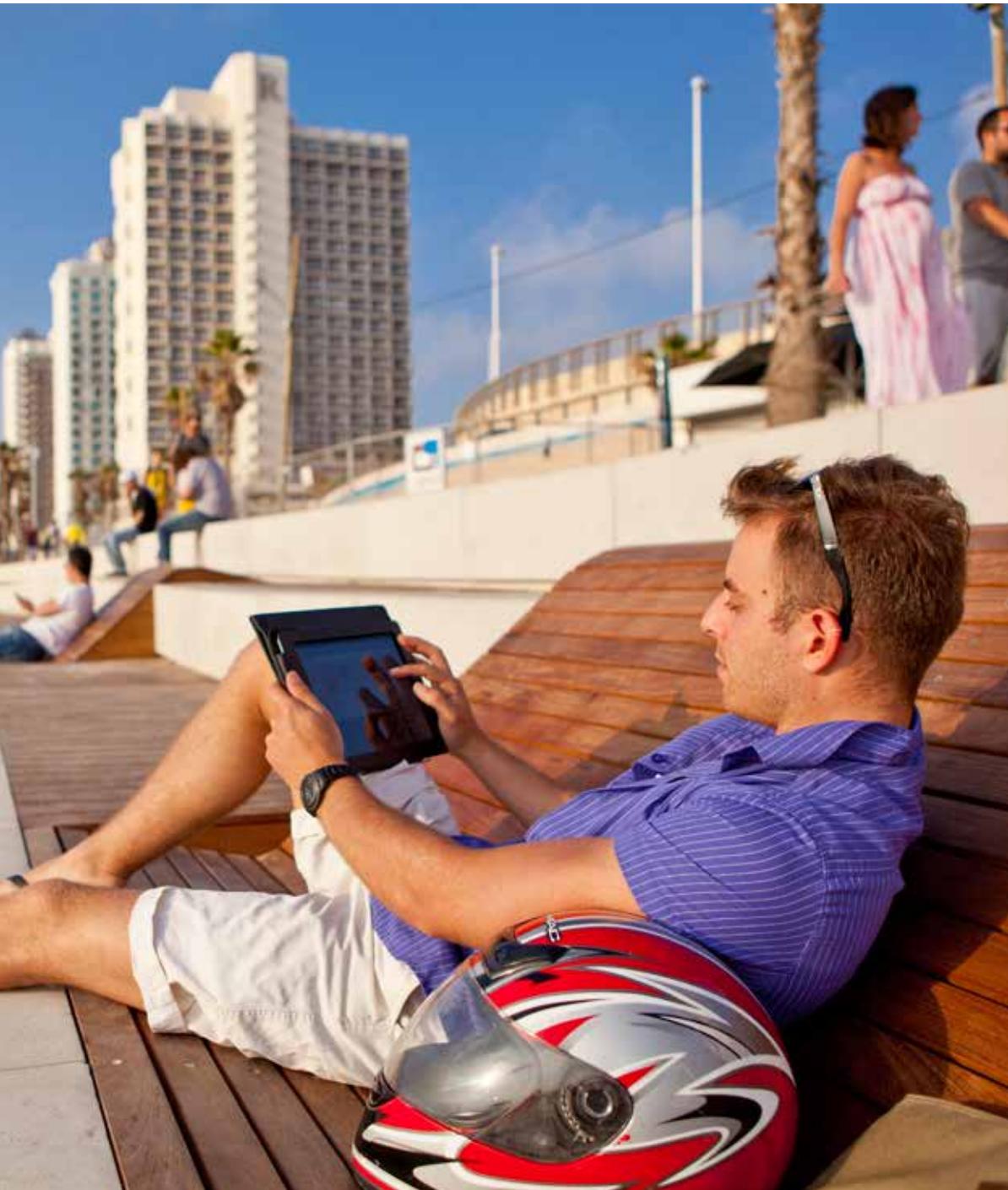


Tel Aviv offers tech, sea and sun.

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is over 30% to 40% of GDP at this point – and no other city or country has that.

“It has an incredibly concentrated, highly-evolved end-to-end ecosystem for all types of innovation – mobile, Internet, e-commerce, security technology, clean-tech, ag[ri]cultural]tech, life sciences, etc., so Israel and Tel Aviv are unique.”

Tel Aviv also has closer ties than other hubs (with the possible exception of London) to the U.S.

Over the past few years NASDAQ had more listings from Israeli companies than from companies from the UK, Germany and France combined, says Klein.

Israel also has been an early mover in developing relationships in China (see the story on pages 8 and 9), part of a global outlook that developed because of its small home market.

The city’s talent pool is constantly being replenished by youth who are exposed to sophisticated technology while completing their military service.

“There is a camaraderie amongst people coming out of the military,” says Oona Rokyta, an American who counsels Israeli firms on branding and marketing. “In San Francisco it’s a bit more cut throat. Israel is unique in there is so much pride in companies succeeding and working together.

The ecosystem also benefits from the more than 250 global research and development centers that have been set up in Israel as well the acquisition of local companies by big tech giants, exposing a significant number of Israelis to American management style and organization.

What’s more, there is a growing group of entrepreneurs in Israel who have built and sold their own start-ups for the

CONTINUED ON PAGE 04



LONDON

- + Global financial center
- + World leading universities
- + Highly diverse
- Very expensive
- Weather

TEL AVIV

- + World- leading ecosystem
- + Supportive government
- + Global R&D center
- Political situation
- Lack of local market

BERLIN

- + Cheap city
- + Diverse population
- + Fast- growing ecosystem
- Lack of exits
- Little government support

BARCELONA

- + Quality of Life
- + Active city support
- + Home to Mobile World Congress
- Lack of spoken English
- Unfriendly business regulations

AMSTERDAM

- + Diverse population
- + English spoken
- + Quality of life
- Not many VCs
- Few major exits

CONTINUED FROM PAGE 03



Kentaro Sakakibara at the launch party for the Samurai House incubator

second, third or even fourth time. They want to leave a lasting impact and they are finding funding both in Israel and from big, deep-pocketed foreign VCs willing to support bigger companies.

One example is SimilarGroup, a web measurement company that earlier this year raised an estimated “tens of millions of dollars” from Naspers and is going global from Tel Aviv. (SimilarGroup’s Or Offer, pictured on Informilo’s cover, is a scheduled speaker at DLD Tel Aviv.)

But it would be wrong to think that Tel Aviv doesn’t have any real competition. Amsterdam is more international. Berlin, another diverse city, is attracting young talent from across Europe and the tech

ecosystem there is rapidly evolving. Barcelona has a beach, great weather, rich culture and is home to the Mobile World Congress.

London is probably the biggest competitor to Tel Aviv. “It is the biggest English-speaking city in the world, it is home to some of the biggest enterprises in media, finance, healthcare, utilities, it is home to some of the best universities and design schools in the world, it is one of the biggest sources of venture capital and has a extremely diverse population with over 60% of the people in London born outside of the UK,” says Klein.

Like Tel Aviv, the tech sector in London has strong support from the government and is active in recruiting foreign talent from abroad.

The proof? It appears to have beat Tel Aviv to the punch with at least one of the start-ups in this year’s Start Tel Aviv contest. 30dayhealth, a Johannesburg, South Africa-based start-up that monitors patients at a distance to avoid hospital readmission, has been courted by the UK government. The company is planning to move to London in the first quarter of 2015 “no matter what happens during that week in Israel,” says CEO Nuno vaz dos Ramos.

You can’t win them all. But, with more than 1,000 international visitors expected at this year’s DLD Tel Aviv innovation festival, the city is bound to entice some of them to stay, swelling its army of entrepreneurs, rockets or no rockets.

START TEL AVIV FINALISTS

Start Tel Aviv, an international start-up competition created by the Israeli Ministry of Foreign Affairs and Tel Aviv Global & Tourism to help attract foreign entrepreneurs to the city, is part of the DLD Tel Aviv Innovation Festival September 14th-17th. Start-ups from 16 countries competed for the chance to spend an all-expenses-paid five-day intense start-up experience in Tel Aviv to learn from the ecosystem during special events at the festival. This year’s winners include entrepreneurs from:

CHILE

MiDoctor, a service that uses automated phone calls, SMS, and a web-based electronic medical record to monitor and provide support for patients with chronic diseases.

COLOMBIA

AGROMALL, a platform that integrates 2G, 3G and 4G mobile technologies to link farmers from all agricultural sectors to markets.

DENMARK

Velocator, a device and bicycle light that allows users to track their bicycles anywhere in real time using mesh network technology.

INDIA

ShieldSquare provides site-scraping protection for online businesses.

IRELAND

Bizimply’s cloud-based service allows managers of retail businesses to track what’s happening in the business at any time from their smartphones.

ITALY

Snapback provides an SDK to developers and manufacturers that enables the addition of intuitive ways to interact with mobile phones and other smart devices.

KOREA

Ediket is an online community that allows users to share and proofread documents via a web-based proofreading editor.

HUNGARY

TestJockey offers a beta-testing and analytics platform for mobile app developers that monitors the behavior of their beta users as they interact with the apps.

NEW ZEALAND

Wipster, an online video-editing platform with a social twist.

NORWAY

Blink, an app that allows users to see short videos of people around them and send videos back to those people as a means of introduction.

PERU

Culqi, a mobile payments company that lets users of Android, iOS and Windows Phone mobile devices make and receive payments with credit or debit cards in 135 countries.

SERBIA

Cofa Games, a maker of games for desktops, tablets and mobile devices.

SOUTH AFRICA

30dayhealthcare, provides a service that tracks a patient’s recovery after release from the hospital through technological devices to determine — at a distance — if intervention is necessary and prevents hospital re-admission.

UK

CrowdEmotion: using algorithms and machine learning to scan millions of faces, the company’s technology links expressions to moods, needs, and actions.

* The winning start-ups from Spain and Germany had not been announced at press time.

ACCELERATORS

Absolutely FABulous

Tel Aviv celebrates the opening of one of its newest accelerators, backed by global mobile operator Orange, writes *Jennifer L. Schenker*

Israel's attractiveness to foreign tech companies continues with the news that France-based network operator Orange is to open its latest accelerator in Tel Aviv.

Called Orange Fab, the program, Orange's first accelerator in Israel, will be housed in SOSA, a new joint workspace for tech start-ups in the south of the city.

SOSA (short for south of Salame, a major Tel Aviv street), was created by partners at two of Israeli's leading venture firms: Pitango Venture Partners' Rami Beracha and Genesis Partners' Jonathan Saacks as well as several other veterans of Israel's tech scene. The building, a former industrial space that now offers meeting rooms, a roof overlooking the city and a lounge bar, is aiming to become a popular spot for Israeli start-ups, entrepreneurs and investors to convene. Microsoft Ventures, SAP and PayPal have also taken office space at SOSA.

Mari-Noelle Jego-Laveissière, Orange's senior vice president of innovation, marketing and technologies, and Nathalie Boulanger, director of the Orange Start-Up Ecosystem, will travel to Tel Aviv for the opening. The DLD Tel Aviv Innovation Festival will include an invitation-only launch party to mark the opening.

The opening of an accelerator in Israel will deepen Orange's interactions with Israeli start-ups, says Jacky Abitbol, the director of Orange Fab Israel and Orange's vice-president of corporate development in charge of relations with the investment community and international alliances. The first cohort in Israel will comprise six

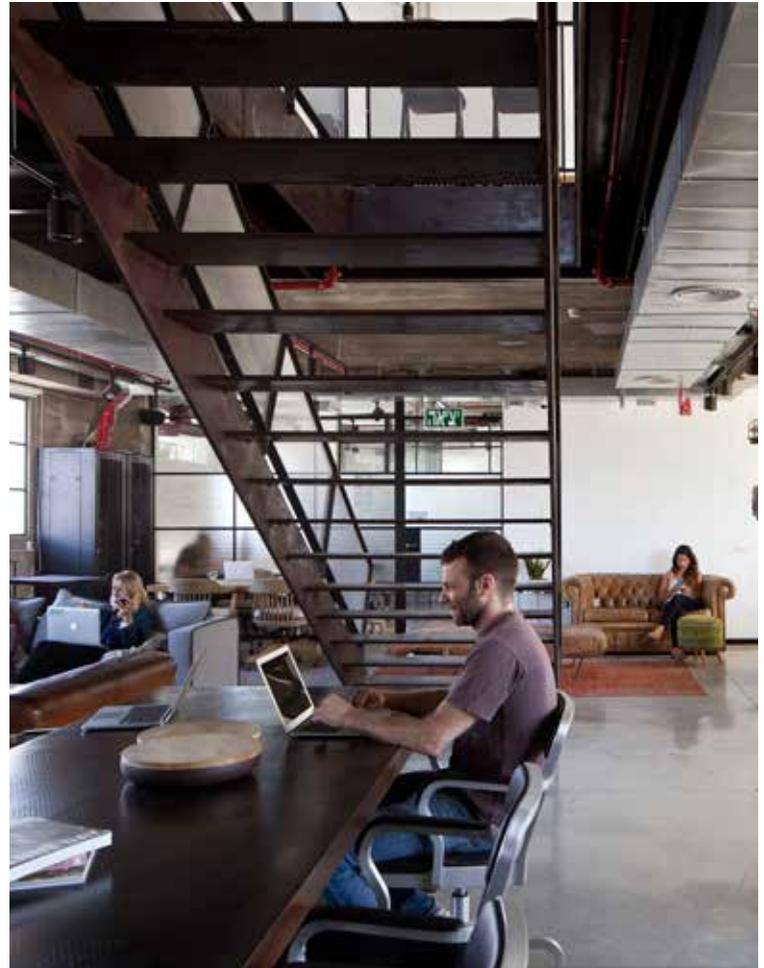
start-ups. The names of the start-ups had not been announced at press time.

Fab Israel (along with Orange Fabs set up in Silicon Valley, France, Poland, Japan and Ivory Coast) uses strict criteria to determine which companies get selected, including whether it is a product fit for Orange, product readiness, team background and ease of integration into the Orange business/infrastructure. Those that make the cut get free office space for three months and mentoring. Orange has the option of investing up to \$20,000 in a start-up or becoming a shareholder if the company raises outside capital.

In addition, thanks to a new joint venture agreement between Orange and Deutsche Telekom, selected start-ups from Orange Fab and the German operator's hub:raum accelerator program will be connected to the innovation teams and business units of both operators to see if it makes sense to distribute a start-up's products to the operators' customers in Europe, Africa and the Middle East.

Combined, the German and French operators reach a potential customer base of some 500 million people. Start-ups in the Fab program in the fields of Internet of Things, network optimization/access technology, mobile payment, cybersecurity and big data may additionally have access to the investment vehicles which have been set up by Orange and Deutsche Telekom.

Orange invests in start-ups through Iris Capital, a joint fund set up by Orange and global ad agency Publicis.



Orange's new accelerator will be housed at SOSA (pictured here), a working space in southern Tel Aviv which officially opened in April

Abitbol took part in the 2011 launch of Iris Capital (which was then called Orange Capital), and was behind the fund's first investment: Israel's myThings, which specializes in retargeting technology.

The new Fab Israel accelerator program "will help start-ups to scale up while bringing innovation to our customers around the world," says Abitbol.

The number of co-working spaces, incubators and accelerators in Tel Aviv has mushroomed in recent years. But the presence of big companies that look to Israel as a font of innovation is by no means a new phenomenon. Israel has been particularly successful in attracting big U.S. tech giants like Microsoft, Intel, Cisco and IBM to invest fortunes in fostering innovation through some 250 research and development centers in Israel. Big

European companies like Orange also have long-established ties with Israel.

Orange's first foray into Israel was in 2008, with the purchase of Orca, an Israeli company that helped pioneer Internet TV. (The company, a wholly-owned subsidiary of Orange, is now called Viaccess-Orca or VO and provides both a service delivery platform and a security solution for TV over IP.) Roseline Kalifa, the Orange executive behind the Orca deal, is also credited with pushing for the opening of a development center in Israel in 2008. At the now defunct center developers carried out testing of mobile content and applications and connected with Orange around a variety of communication technologies. The collaboration led to partnerships with several start-ups to offer new services to Orange's customers around the globe, such as Orange Maps.

FUNDING

Land of Honey

Israeli start-ups are finding it easier to raise money and land bigger exits, says Ben Rooney

At first glance when you compare venture-backed companies in Israel – both in terms of raising money and exits – with their counterparts in countries like the UK or Germany it doesn't look that great. Over the five years to 2013, companies in the UK and Germany raised a lot more money and did a lot more deals.

But then you have to stop and consider the three countries. According to the United Nations, Germany is the fourth-largest economy in the world (after the U.S., China, and Japan), the UK is sixth (surpassed by France), and Israel is 42nd. Its population is a tenth that of Germany – there are more people living in Lower Saxony than in all of Israel.

“You can't really compare 70 million people in the United Kingdom to just eight million people here in Israel,” says Koby Simana, CEO of the Tel-Aviv based IVC Research Center Ltd., a leading source of information on Israel's high-tech industry. If instead of measuring absolute figures, you look at per-capita activity then Israel's strength as a tech super-power is evident.

Using data from Dow Jones VentureSource over the last five years (2009-2013) Israel raised \$254 per capita in venture deals for its tech industry: that is three times as much as the UK. It dwarfs Germany – which raised just \$42 per capita, barely a sixth of the amount.

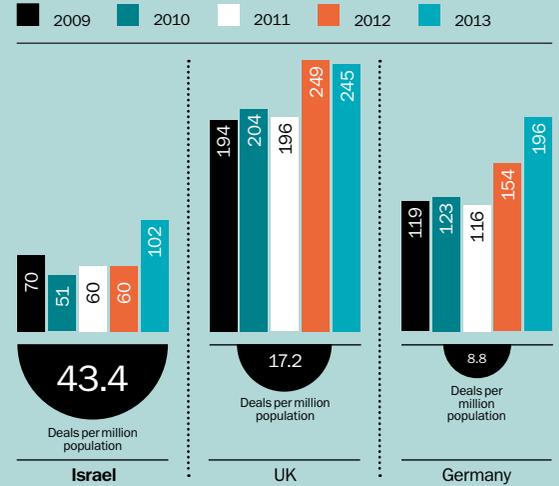
Not only do Israeli companies raise substantially more per capita, they also typically raise larger amounts than equivalent companies in Europe and even the U.S. (with the exception of later-stage deals). Seed, first- and second-round deals are all larger in Israel. As a substantial part of an early-stage company's

VC investments (2009-13)

While Israeli companies may not have raised as much money as Europeans in absolute terms, comparing on a per-capita basis shows the strength of the Start-Up Nation's Tech Sector. The data from Dow Jones VentureSource relates to investments in tech companies; it represents data from seed rounds through later-stage funding where at least one investor is a professional venture capital firm. Debt, bridge, leasing and angel financings are excluded.

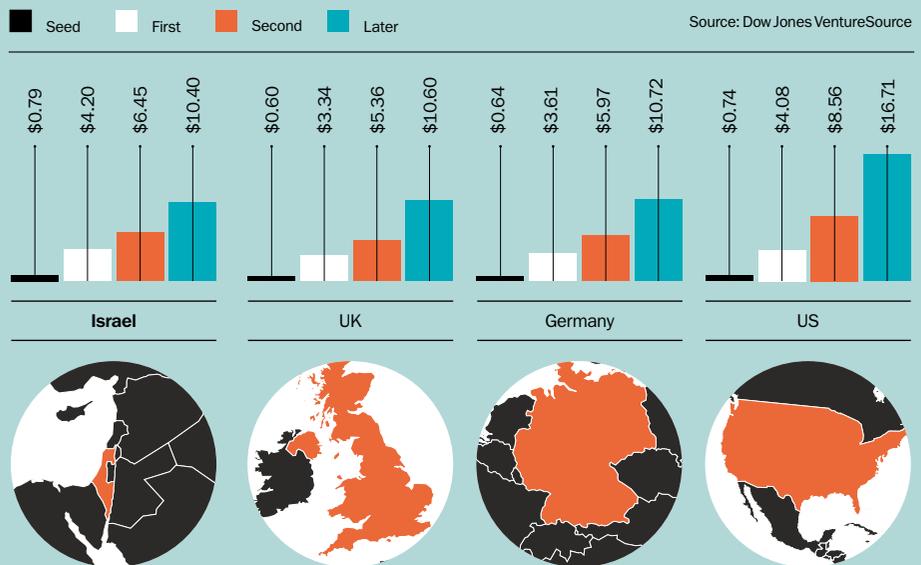
Total Number Of Deals

Source: Dow Jones VentureSource



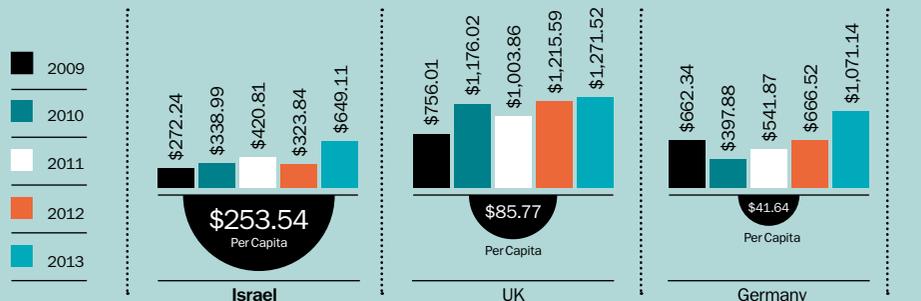
Five-Year Average Deal Size By Round (\$m)

Source: Dow Jones VentureSource



Total Amount Raised (\$m)

Source: Dow Jones VentureSource

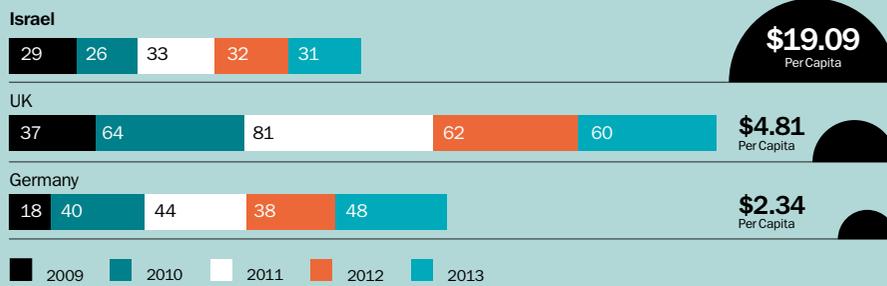


VC-Backed Exits (2009-13)

If anything Israel's strength is greater in exits as relative to the other European countries, Israeli start-ups achieved higher valuations. The data from Go4Ventures includes tech-related companies that received funding from a professional venture capital firm. The data from Ernst & Young and from IVC likewise relates to VC-backed companies.

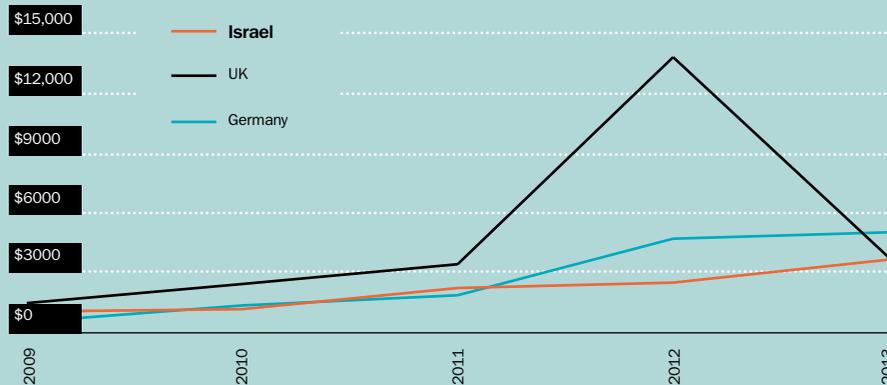
Total Exits Of VC-Backed Companies

Source: Go4Ventures, IVC Research Center Ltd. Ernst & Young



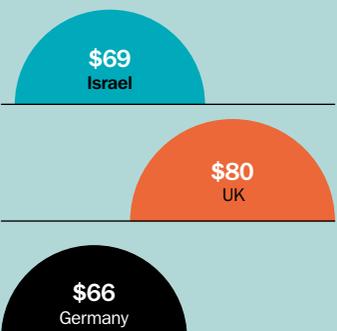
Total Amount Raised By VC-Backed Companies (\$m)

Source: Go4Ventures, IVC Research Center Ltd. Ernst & Young

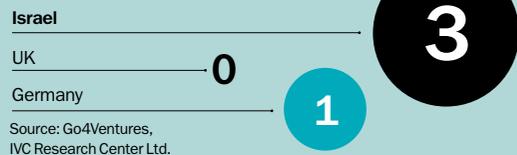


Average M&A Deal Size (\$m)

Source: Go4Ventures, IVC Research Center Ltd.



Number Of IPOs By VC-Backed Tech Companies



Amount Raised In IPOs By VC-Backed Tech Companies



expenditure is on staff, then Israeli companies are likely to be better staffed and so better able to grow faster than their counterparts in Europe. That higher earning potential is reflected in exits.

Flipping to the exit side, Israel's position is arguably even stronger. Using data assembled from IVC Research Center on Israel and from Go4Venture Advisers and Ernst & Young on M&A deals and IPOs respectively in Germany and the UK, taking exits of tech companies backed by venture funds, then per capita Israeli companies raised nearly 3.5x as much as their UK equivalents, and eight times as much as their German counterparts. Given that Israeli companies only raised six times as much per capita compared with German companies, the exit multiple for investors is higher, making the Israeli investments more attractive.

This, says Simana, should come as no surprise. "Valuations of Israeli technology companies are getting higher. More and more mature Israeli companies are raising substantial amounts of capital than ever before. We see more of the so-called 'unicorns' here in Israel. Companies are trying to raise capital with valuations of more than \$1 billion."

While historically some have accused Israel of selling companies too soon, times are changing, says Simana. "Both investors and entrepreneurs are trying to go beyond what we have done so far," he says. Instead of developing cutting-edge technology and then doing an M&A deal with a foreign company they are now building standalone growth businesses (see the story on Israel's Unicorns on pages 10 and 11). Examples include companies such as Outbrain, eToro, Wix, Taboola and MyHeritage.

And while Israel has always looked to the U.S. for both M&A deals and in particular IPOs, says Simana, "I think that the dominance of the U.S. market is declining." He pointed to the recent float of the digital advertising group Matomy Media on the High Growth Segment of the London Stock Exchange – Matomy raised £41 million with a valuation of £203 million. "I know other companies are looking at Europe. They can see that it's a closer market."

That said, Israel is still second only to China in the number of companies listed on NASDAQ and spokespersons for the U.S. exchange have already said they expect 2014 to be a stronger year for Israeli IPOs than last year.

Israel Looks To The East

As China's economy takes off its investors are looking to deepen ties with Israeli start-ups, writes Jennifer L. Schenker

When Pebbles Interfaces, an Israeli gesture-control start-up, needed to expand into Asia in 2013 it turned to Xiaomi, one of China's largest smartphone manufacturers, to help it complete an \$11 million round.

It was among the first Israeli tech start-ups to receive funding from a Chinese company. It will most certainly not be the last.

Israeli high-tech companies and the venture community have traditionally looked at the U.S. as a source of funding and as a primary market, particularly in the software, Internet and media sectors. But times are changing and Israeli companies are increasingly looking east.

It's not surprising: if predictions are right, ten years from now China will have overtaken the U.S. as the world's largest economy. Technology will play an important role in helping China move ahead. So, "as Israel has innovative technology solutions to offer, we are beginning to see a growing Chinese interest in Israel, alongside a growing Israeli business interest in China," says Chemi Peres, a co-founder and managing partner at Israeli venture firm Pitango Ventures.

Indeed, the ties between Israel and China's tech sectors are "growing tremendously year on year," says China specialist Yair Geva, a lawyer in the high tech and M&A group at Israeli law firm Herzog Fox & Neeman.

The investments – which were nonexistent until about three years ago – began with deals targeting traditional sectors. China National Chemical Corporation acquired Israeli agrochemicals manufacturer Makhteshim Agan Industries in 2011 in a deal worth over \$2 billion. Han's Laser Technology, a Chinese supplier to Apple, bought Israel's Nextec Technologies in 2013 to expand in the market for laser measurement devices used in the auto and aircraft industries. Earlier this year Bright Food Group, the dairy and consumer-products company backed by the Shanghai government, purchased Tnuva Food Industries.

There has also been a lot of M&A activity in the medical devices and pharmaceutical sectors. Now the focus is turning to the Internet sector. Last year Israeli start-up company Cortica, which develops photo identification technologies, raised \$20 million. The lead investor was one of China's big four Internet companies. (It chose not to disclose its name publicly.)

"Tencent, Qihoo 360, Alibaba and Baidu are all very active here now and are considering opening accelerators here," says Geva. "We will see real M&A activity in this field as well. Once this happens Israeli companies will be even more open to focus on the Chinese market as opposed to only looking at the U.S."

The reason for this investment is "Chinese companies are seeking access to cutting-edge technologies and the



way for them to do that is to invest in an Israeli start-up company and in parallel to have some sort of business development with that company. That was the case for Cortica and it is the case for Pebbles Interface," says Manor Zemer, a banker at Lanta Capital Holdings, a Tel Aviv consulting company that mainly focuses on seeking investment opportunities and business cooperation for Chinese technology companies and venture capital funds in the Israeli high-tech arena.

Another example is Visualead, a QR code design maker, which has formed a joint venture with Renren, a Chinese messaging system similar to Twitter, and recently moved to Shanghai.

Along with M&A deals, venture investments in Israeli start-ups are on the rise. Horizon Ventures, the venture capital fund of Hong Kong billionaire Li Ka-shing, is now among the most active venture firms in Israel. It has invested in more than 25 start-ups in Israel in the last three years, says Horizon Ventures' Gilad Novik, a scheduled speaker at the DLD Tel Aviv Innovation Festival.



Cortica, specializes in machine learning techniques to improve image recognition.

Everything.Me, a launcher for Android devices that adds contextual capabilities to mobile phones.

FeeX, finds and reduces hidden fees in investment accounts.

Ginger Software, a developer of speech technology.

Hola.org, a developer of software to make the Internet up to ten times faster.



Some of the investments are being made indirectly. Israeli venture firm Pitango Venture Capital has raised money from investors in China, Korea, Taiwan and India for a fund. “All of those investments were first-time investments in Israel and I think this trend will continue to grow,” says Peres.

“In many cases China is willing to invest in Israel assuming there will be matching funds. It is always a challenge to find matching funds. We need a little more time to redefine the way we work with China and the Asia-Pacific region as a whole but the potential is huge and we are just at the beginning.”

Genesis too is “starting to look at China and Chinese corporations and investors as a potential source of funding for our fund,” says Jonathan Saacks, a partner at Israeli venture firm Genesis Partners.

Amid all of the activity the number of government-funded R&D projects between Israel and China is dramatically increasing. “Every year with China there are more agreements and activities and I

believe in the next few years there will be almost the same or even more cooperation between companies in Israel and China than there are with the U.S.” says Avi Luvton, executive director of Asia Pacific in Israel’s Chief Scientist’s Office.

Ties with academic institutions are also being strengthened not only through R&D projects but also due to a \$130 million grant to Israel’s Technion University from the Li Ka-Shing Foundation. The contribution is a part of a larger deal in which the Israeli university will partner with China’s Shantou University to establish a technology institute to be called Technion-Guangdong Institute of Technology, in Shantou (Shantou is a city in China’s southern Guangdong province). The new institute will be built with Chinese funding, but will grant its graduates a Technion diploma.

“China’s focus on Israel will continue to grow, and so will its interest in the Middle East as a whole,” predicts Peres. “These two trends offer opportunities for cutting-edge Israeli technology companies as well as the region as a whole.”

A Selection of Israeli Companies That Have Received Investment From Hong Kong’s Horizon Ventures Since 2011

Kaiima Bio-Agritech, a seed company that replicates a crop’s genome rather than modifying it through genetic engineering.

Magisto, a social video start-up.

Medial Research, uses proprietary algorithmic analysis of medial data to assess patients’ risk levels for illnesses such as colorectal cancer. It also develops personalized screening programs to detect colon cancer early.

Meekan, a scheduling organizer app.

Nanospun Technologies, a nanotech fiber developer.

TIPA, makes biodegradable packaging for food and beverages.

Wibbitz, a text-to-video platform that can automatically turn any text-based article, post or feed into a short video.

Exits

Onavo, a mobile data analytics company, sold to Facebook in 2013 for around \$150 million.

Waze, a mapping and navigation start-up sold to Google in 2013 for \$1.1 billion.

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Investing in leveraged products carries a high degree of risk. eToro offers protective measures to manage risk effectively, but it is possible to lose more money than invested in each trade. However you can never lose more than your total balance.

Israel's Unicorns

As the Start-up Nation morphs into the scale-up nation, a crop of consumer Internet super stars is emerging, writes Jennifer L. Schenker

The start-up nation is best known for innovative early-stage companies that DLD Tel Aviv Co-Chair Yossi Vardi calls tomato seeds; there is a ton of good stuff packed in those little seeds but they need an experienced gardener to grow properly.

The sale of many such companies to the likes of IBM, Intel, Microsoft, Cisco and Google has helped create Tel Aviv's vibrant entrepreneurial ecosystem. Their existence has lured the U.S. tech giants to set up in Israel and this in turn has drawn more locals to build companies, sell them and then go out and do it again.

"Israel had been written off as only being capable of producing small exits, security or chip companies – not global Internet brands," Noam Bardin, Waze's co-founder and CEO, wrote in a blog post earlier this year.

Bardin noted that at the time of its sale Waze was only the third exit of \$1 billion or more from Israel. The mobile navigation service, purchased by Google for \$1.1 billion in 2013, was the first Israeli global, consumer Internet brand. It is unlikely to be the last.

"Israelis are moving culturally away from pursuing (smaller) exits to building something big," says Chemi Peres, managing general partner and co-founder of Israeli VC firm Pitango Venture Partners.

Companies started no more than 10 years ago which are valued at \$1 billion have been coined "unicorns."

Unicorns are rare, even in Silicon Valley. "In the last decade, the U.S. produced 39 of them; that is 0.07% of start-ups. The U.S. market is usually considered to be 50x that of Israel so if we normalize

markets one would have expected 0.8 unicorns to have been founded in Israel to the U.S.'s 39, so our 'one unicorn' exit makes sense," notes Bardin. "The problem is that after Silicon Valley, Israel is the number two start-up market with over 6,000 startups being founded in the last 10 years, which should have yielded four to five unicorns."

While no one questions that the sale of Waze was a triumph, the challenge for Israel is now to build independent companies with big revenue streams.

"I believe we are in the beginning of a new era for Israeli start-ups, especially in the consumer tech space," says Bardin.

And how. In August, four months after Bardin wrote his blog, Mobileye, a Jerusalem-based company that make software to help drivers avoid car accidents, raised \$890 million, a record for an Israeli company going public in the U.S.

Informilo polled investors in Israeli companies to ask them which consumer-oriented Internet companies can be considered unicorns or potential unicorns. The names that kept surfacing include eToro, MyHeritage, Outbrain and Taboola. All are global internet companies and have either reached a billion-dollar valuation or, say investors, have the potential to do so.

Consider Wix, which turned down acquisition offers and instead raised capital to go global from Tel Aviv. It went public in 2013. "I think we can grow the premium users category by 90 times the current amount," says Wix co-founder and CEO Avishai Abrahami. "We are constantly adding more functionality and more territories. We are growing in the



Yaron Galai: looking to build a company ten times larger than his last business

Are These Israel's Next Unicorns?

eToro

YEAR FOUNDED: 2007

ESTIMATED VALUATION:

several hundred million dollars

STATUS: private

FOUNDERS: Yoni Assia, Ronen Assia and David Ring

Wix

YEAR FOUNDED: 2006

MARKET CAP AT PRESS TIME:

\$626.40 million

STATUS: public

FOUNDERS: Avishai Abrahami, Nadav Abrahami, Giora Kaplan



Avishai Abrahami:
went global from
Israel

U.S. and we see the developing market as a big growth opportunity.”

Outbrain, a content discovery platform that originated in Israel and has gone on to raise \$99 million in venture capital, is following a similar path. It is co-founder and CEO Yaron Galai’s fourth company.

Outbrain makes 180 billion recommendations each month to an audience of 550 million people. “We have enough work for 10 times the number of engineers and product people so I’d like to build the business to fund that,” says Galai.

Rumors that Outbrain will file an initial public offering persist. “It is one of the routes we are obviously considering.”

Taboola, a rival content delivery platform, is currently raising between \$80 million and \$90 million, which could give it a \$1.5 billion valuation, according to press reports, and is also planning an initial public offering.

It is not just ambition that is giving Israeli start-ups a leg up. “The fact that the Internet has become very significant and

strong in the last decade has given start-ups the ability to market, to get audience, close transactions and test their products,” says Pitango Ventures’ Peres. “That efficiency has helped Israeli companies shift to growth and close all the gaps of distance, language and culture.”

That has been the case for eToro, a social investment network that has so far raised \$31.9 million in venture capital and today has close to four million registered users. “Today you can get any product to any consumer around the world without leaving your own country,” says eToro CEO and Co-founder Yoni Assia.

“The biggest challenge Israeli companies used to have is distribution,” he says. “The 1.0 companies were focused on building sales forces. When you are selling B2B there is a huge benefit to being acquired because you can sell through the bigger companies’ distribution channels. But now consumer products and even B2B products like SimilarWeb can be distributed completely over the Web. This allows companies to leap ahead and have the potential to grow infinitely.”

Still, challenges remain for Israel’s would-be unicorns. Access to experience is one. To succeed, Israeli companies will need not just capital but investors or mentors who have built unicorns. And most of those are in Silicon Valley.

Even then it is not a slam dunk. So the question the current herd of unicorn wannabees needs to ask is: “how they are going get to \$1 billion in revenue rather than a \$1 billion market cap,” says Pitango’s Peres.

“I think that these companies can do it but they need to have their mind set on business rather than valuation.”



Ronen (L) and Yoni (R) Assia, co-founders of eToro

Outbrain

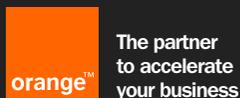
YEAR FOUNDED: 2006
ESTIMATED VALUATION: \$1 billion
STATUS: private but rumors of a planned IPO persist
FOUNDERS: Yaron Galai and Ori Lahov

MyHeritage

YEAR FOUNDED: 2005
ESTIMATED VALUATION: several hundred million dollars
STATUS: private
FOUNDERS: Gilad Japhet

Taboola

YEAR FOUNDED: 2007
ESTIMATED VALUATION: \$1.5 billion
STATUS: private
FOUNDERS: Adam Singolda



Top 25

Hottest Tel Aviv Start-Ups

To identify the most promising Israeli Internet companies Informilo asked angel investors and VCs who actively invest in Israeli companies to nominate and vote on companies outside their own portfolios. Some on the list have moved their headquarters to the U.S. but all have Israeli roots. We've covered the most famous late-stage companies on pages 10 and 11. This year's Top 25 list focuses on the next wave. Some are already making a name for themselves, others are below the radar but unlikely to stay there for long.

- LATE STAGE/GROWTH
- EARLY STAGE
- BELOW THE RADAR

CTERA

WWW.CTERA.COM

What it does: Cloud storage and data protection.
Why it's hot: CTERA offers its services to telecom operators, ISPs, and companies to help them create, deploy and manage cloud storage services quickly and easily. In July it raised \$25 million, bringing total funding to \$45 million. Backed by Bessemer Partners, Benchmark Capital, Venrock and Cisco, it's considered by some to be a candidate to be "the Dropbox for the enterprise."

FIVERR

WWW.FIVERR.COM

What it does: Global online marketplace offering tasks and services, usually for \$5.
Why it's hot: Fiverr provides a "living marketplace" for millions of micro-entrepreneurs in 196 countries. So far it has enabled more than three million tasks. In August Fiverr raised \$30 million from Qumra Capital and existing investors Bessemer Venture Partners, Accel Partners, and individuals in a Series C round, bringing funding to \$50 million. The funds will be used for global expansion, and to improve Fiverr's mobile offering.

LIVEU

WWW.LIVEU.TV

What it does: Pioneer of broadcast-quality, video-over-cellular solutions that allow live video transmission from any location.
Why it's hot: LiveU's 3G/4G LTE bonded uplink solutions are used by the world's leading broadcasters, news agencies and online media in over 60 countries; services have been used for the London 2012 Olympics, 2012 U.S. Presidential Campaign, 2011 British Royal Wedding, Hurricane Irene, Japanese Tsunami, Super Bowl, and many other events. Now based in New Jersey.

RAVELLO SYSTEMS

WWW.RAVELLOSYSTEMS.COM

What it does: On-demand development and test environments in the cloud.
Why it's hot: Ravello delivers Software-as-a-Service that enables customers to use public cloud services such as Amazon Web Services or Rackspace to develop and test their on-premises applications. Enterprises can encapsulate multi-tier applications and run them anywhere without making any changes. Last year Ravello raised \$26 million from Sequoia Capital, Norwest Venture Partners and Bessemer Venture Partners.

SIMILARGROUP

WWW.SIMILARGROUP.COM

What it does: Web measurement and competitive intelligence.
Why it's hot: SimilarGroup helps Internet users find and interpret web content. Its SimilarWeb service helps companies benchmark performance against competitors, increase web traffic, and discover opportunities to broaden their audiences, using the clickstream activity of tens of millions of Internet users around the world. This year it raised a large Series C round from Naspers, the South African media group; the investment is Naspers' first in Israel.

SUPERSONIC ADS

WWW.SUPERSONICADS.COM

What it does: Advertising monetization for social entertainment applications on web and mobile.
Why it's hot: Supersonic runs video, brand engagement, and direct response campaigns across a network of over 500 leading games, publishers, and social networks in 200 countries. First virtual currency monetization platform to focus on the European market; has processed hundreds of millions of dollars worth of virtual currencies since 2009. The only company that runs both CPA and video brand engagement campaigns in social games.

SUNDAYSKY

WWW.SUNDAYSKY.COM

What it does: Marketing platform that helps brands tell compelling stories that matter to the consumer.
Why it's hot: SundaySky's SmartVideo lifecycle marketing platform generates hundreds of thousands of SmartVideos daily, powering customer acquisition, service, growth and loyalty touch points across a range of industries. Customers include AT&T, Office Depot, and Allstate. Revenues tripled in 2012. In October 2013 raised \$20 million in a Series C round led by Comcast Ventures.

AORATO

WWW.AORATO.COM

What it does: Cybersecurity focused on mitigating attacks targeting the Active Directory.
Why it's hot: Most companies use Microsoft Active Directory services in some way. Aorato detects suspicious activities by analyzing Active Directory-related traffic, and learning, profiling and predicting entities' behaviors. In January the company raised \$10 million from investors including Accel Partners, Gilot Capital Partners, Innovation Endeavors and the co-founders of Trusteer. Customers include Trusteer, NICE Systems and Matrix.

APPSFLYER

WWW.APPSFLYER.COM

What it does: Mobile app measurement and tracking.
Why it's hot: AppsFlyer is a mobile apps measurement platform that allows app developers, brands and agencies to measure and optimize their entire mobile customer acquisition funnel from one real-time dashboard. The company's SDKs are installed on more than 800 million mobile devices, measuring more than \$500 million in mobile ad spend annually. In March it raised a \$7.1 million round from Pitango Venture Capital and Magma Venture Partners.

BILLGUARD

WWW.BILLGUARD.COM

What it does: Free credit and debit card protection; scans statements for fraudulent charges.
Why it's hot: Uses crowd-sourced big-data analytics to harness the collective knowledge of millions of consumers reporting billing complaints online and to their merchants and banks. Since its launch in 2012 months ago, BillGuard claims to have saved its users nearly \$60 million in unwanted or fraudulent charges. It was the first financial service to integrate with the new iPhone Passbook Wallet; it also launched on Android in May.

CONSUMER PHYSICS

WWW.CONSUMERPHYSICS.COM

What it does: World's first affordable molecular sensor that fits in the palm of the hand.

Why it's hot: The company's SciO is a tiny spectrometer that allows users to get instant relevant information about the chemical make-up of things around them, sent directly to their smartphones. With every scan, SciO learns more, enabling the device to get smarter. Its Kickstarter project was successfully funded in June, raising £2.7 million from 10,000 backers (the goal was \$200,000). Also funded by Khosla Ventures and angel investors.

DYNAMIC YIELD

WWW.DYNAMICYIELD.COM

What it does: Automated conversion optimization tools.

Why it's hot: Dynamic Yield's proprietary SaaS platform delivers personalized website experiences automatically. It currently delivers more than three billion optimized page views per month, and 120 million website visitors see personalized content. Customers include the New York Times, NBC, and eToro. The company has raised \$15 million to date from the New York Times Company, ProSiebenSat.1 Media, Bessemer Venture Partners, Marker LLC and Innovation Endeavors.

EVERYTHINGME

WWW.EVERYTHING.ME

What it does: Android launcher that adds contextual capabilities.

Why it's hot: EverythingMe delivers appropriate apps, contacts and information to the user's homescreen, according to context. The company's algorithms combine machine learning, statistical modeling, and domain knowledge expertise to identify specific scenarios. Raised \$37 million in funding from BRM Group, Draper Fisher Jurvetson (DFJ), Horizons Ventures, Telefónica Digital, Singtel Innov8, and Mozilla.

FEEX

WWW.FEEX.COM

What it does: The "Robin Hood of Fees."

Why it's hot: FeeX shows users how much they pay in investment fees on IRAs and 401(k)s and helps them reduce those expenses. It has more than 60,000 users with \$1 billion in assets under management. In August FeeX received \$6.5 million in Series B funding from Horizon Ventures and existing investor Blumberg Capital, bringing the total raised to \$9.6 million so far.

FTBPRO

WWW.FTBPRO.COM

What it does: User-generated sports content platform.

Why it's hot: FTBpro is the largest fan-generated media platform in online football, engaging millions of users across the web, mobile apps and social networks. It receives 200 million page views and over 500 million Facebook and Twitter impressions monthly; half its traffic comes from mobile. In March it raised \$18 million in funding to support global expansion, mobile and video product development, and a drive to reach one billion fans in Asia.

FUNDBOX

WWW.FUNDBOX.COM

What it does: Payments for outstanding invoices to small businesses.

Why it's hot: Fundbox focuses on B2B-oriented SMEs. Customers connect their accounting packages to Fundbox's risk engine, which examines data on the company's financial health and customer base before offering a loan. Funds arrive the next day. Customers pay fees ranging from less than 1% to 3% of the money received. In April the company raised \$17.5 million in Series A funding from Khosla Ventures and others.

PLAYBUZZ

WWW.PLAYBUZZ.COM

What it does: Enables users to embed syndicated content such as quizzes and lists in their sites.

Why it's hot: Playbuzz's ad-free content, created by its network of partners and editorial staff, can be embedded in websites to boost engagement metrics such as page views, ad impressions, time spent online, and sharing rate. The company, founded by Shaul Olmert, plans to offer its partners several revenue-share models "in the future." In July it was the 29th most popular website in the U.S.

STOREDOT

WWW.STORE-DOT.COM

What it does: Nanotechnology.

Why it's hot: StoreDot has discovered self-assembled Nanodots of biological origin. Representing elementary biological building blocks, these multifunctional Nanodots are at the core of several patented innovations. The company says the Nanodots could enhance smartphones and TV displays, batteries, bio-LEDs, and bio-lasers. StoreDot raised \$6 million from a group of investors in 2013. It's currently working on a mobile phone battery that charges in less than a minute.

WIBBITZ

WWW.WIBBITZ.COM

What it does: Text-to-video platform that can automatically turn any text-based article, post or feed into a short video.

Why it's hot: Wibbitz re-packages textual content into rich video summaries that can be watched on the web or mobile devices. In 2012 the company raised a \$2.3 million Series A round from Horizons Ventures (Li Ka-shing's investment fund) and previous investors Initial Capital and Iool Ventures. It launched its mobile app in June 2013, and a browser plug-in this year. It generates 10,000 clips per day.

YOTPO

WWW.YOTPO.COM

What it does: Freemium online customer review platform.

Why it's hot: Yotpo is a plug-and-play social reviews solution for e-commerce websites. The service includes reports and analytics, giving online merchants actionable insight to improve merchandising strategy. Yotpo is used by more than 30,000 companies and gets more than 200,000 reviews each month. In January the company raised a \$10.7 million A round led by Blumberg Capital to expand its U.S. operations.

HEREO

WWW.HEREO.COM

What it does: GPS watch for kids.

Why it's hot: Following over three years of development and numerous design prototypes, HereO has created an advanced GPS watch for children and an app that enables families to stay connected and safe. Watches, which cost \$149 plus monthly subscription, are available for pre-order now, with estimated delivery in December.

NEURA

WWW.THENEURA.COM

What it does: Makes "the devices around us cognizant of the users they serve."

Why it's hot: Neura aims to make Internet of Things devices work together, regardless of brand, and anticipate users' requirements. It pulls data from sensors into its Harmony platform, creates rules based on user behavior, and applies that intelligence to anticipate what devices should know or do. It currently works with more than 40 partners. In April Neura raised \$2 million from a group of VCs and angels.

SENTINELONE

WWW.SENTINELONE.COM

What it does: Cybersecurity.

Why it's hot: SentinelOne uses predictive execution modeling to protect organizations against advanced threats. The company was formed by a team of cyber security and defense experts from Intel, McAfee, Checkpoint, IBM and the Israel Defense Forces. It has raised more than \$15 million from Accel Partners, Data Collective, Granite Hill Capital Partners, Tiger Global Management and The Westly Group. Customers include Netflix and Amazon.

SKYGIRAFFE

WWW.SKYGIRAFFE.COM

What it does: Full-stack enterprise mobility platform.

Why it's hot: SkyGiraffe's platform securely integrates with a company's back-end systems, enabling enterprises to build mobile CRM, ERP, finance, inventory, operational information, and other data-driven applications for iOS, Android, or Windows Mobile. There is no coding required. The company is backed by Microsoft Ventures, 500 Startups and enterprise software industry veterans. It's headquartered in the Bay Area with R&D in Israel.

ZEBRA MEDICAL VISION

WWW.ZEBRA-MED.COM

What it does: Medical imaging research platform.

Why it's hot: The company is still in stealth mode but it's aiming to be the boldest attempt ever made to crack real clinical big data to improve healthcare. Co-Founder and CEO Eyal Gura was a venture partner with Pitango and co-founder of PicScout (acquired by Getty Images), PicApp (acquired by Ybrant Digital) and The Gifts Project (acquired by eBay).

SPOTLIGHT ON START-UP BOULEVARD

Start-Up Tel Aviv

While most cities have start-up clusters away from the center, the heart of Tel Aviv's tech scene runs right through the middle of the city, along Rothschild Boulevard

COMPANY	SECTOR	COMPANY	SECTOR
01 AffiliaXe	Advertising	51 Metacafe	Other
02 AppendAd	Advertising	52 Pixplit	Other
03 HIRO Media	Advertising	53 Smore	Other
04 Infolinks	Advertising	54 Soluto	Other
05 JustAd	Advertising	55 Summer	Other
06 Sorezki	Advertising	56 The PeaceTube Project	Other
07 Velis Media	Advertising	57 TipRanks	Other
08 BillGuard	Consumer Web	58 Weird Science Lab	Other
09 ClickMeln	Consumer Web	59 Wibbitz	Other
10 Ginger Software	Consumer Web	60 Creatives	Social
11 Hachiko	Consumer Web	61 GroopMeUp	Social
12 Moolta	Consumer Web	62 Moment Me	Social
13 Qtrax	Consumer Web	63 Onefeed	Social
14 Roundforest	Consumer Web	64 Prezma	Social
15 RoutePerfect	Consumer Web	65 Social Move	Social
16 Superfly	Consumer Web	66 Sway	Social
17 WikiWand	Consumer Web	67 Yevvo	Social
18 Win Interactive	Consumer Web	68 Zerobillbank	Social
19 BestMatch	eCommerce	69 Crossrider	Web Technologies
20 Chekkt	eCommerce	70 Pose	Web Technologies
21 DecisionDevil	eCommerce	71 Toonimo	Web Technologies
22 Doomoro	eCommerce	72 MazeH 9	Co-working Space
23 Easy Social Shop	eCommerce	73 Mindspace	Co-working Space
24 eLoan	eCommerce	74 Samurai House	Co-working Space
25 Mixtiles	eCommerce	75 TechLoft	Co-working Space
26 Myze	eCommerce	76 The Library	Co-working Space
27 Riskified	eCommerce		
28 Roomer	eCommerce		
29 Wiser	eCommerce		
30 Gscan	Enterprise	A Fash & Tech	Plaza to Plaza
31 Comeet	Enterprise	B One: Eternity	Plaza to Plaza
32 DaPulse	Enterprise	C Interactive Robots	Plaza to Plaza
33 Newvem	Enterprise	D TeenGuru Expo	Plaza to Plaza
34 SimpleQL	Enterprise		
35 SkillsIn	Enterprise		
36 Vaultive	Enterprise		
37 Applicaster	Mobile		
38 Blind8	Mobile		
39 Contacts+	Mobile		
40 Equala	Mobile		
41 Flayvr	Mobile		
42 Keepy	Mobile		
43 MCE Systems	Mobile		
44 Opinimize	Mobile		
45 Sevenpop	Mobile		
46 Spot IM	Mobile		
47 The Pelican	Mobile		
48 Apartable	Other		
49 Binpress	Other		
50 DigiGage	Other		

Source: Mapped in Israel
Map: © opendatacommons.org contributors

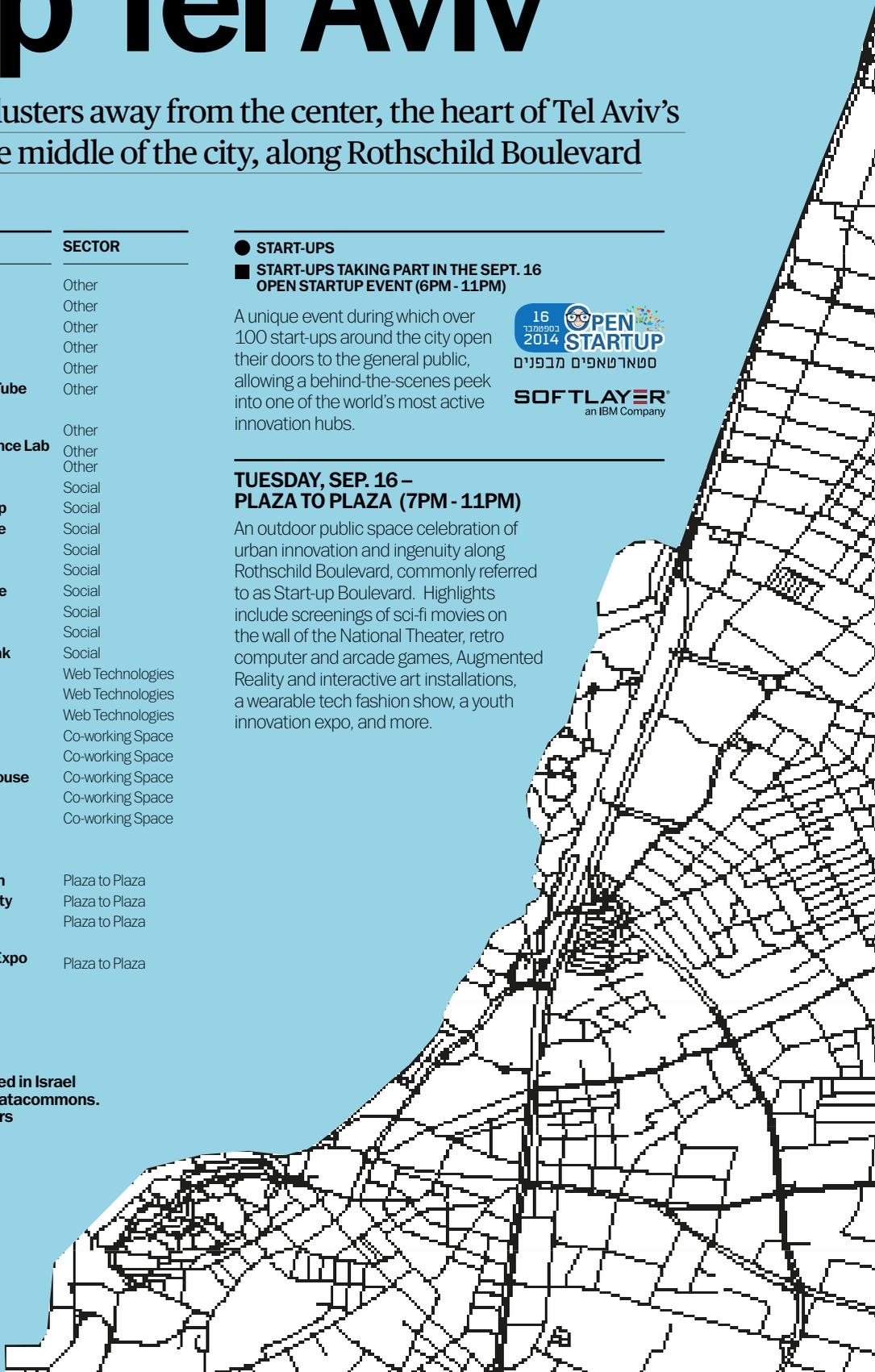
- START-UPS
- START-UPS TAKING PART IN THE SEPT. 16 OPEN STARTUP EVENT (6PM - 11PM)

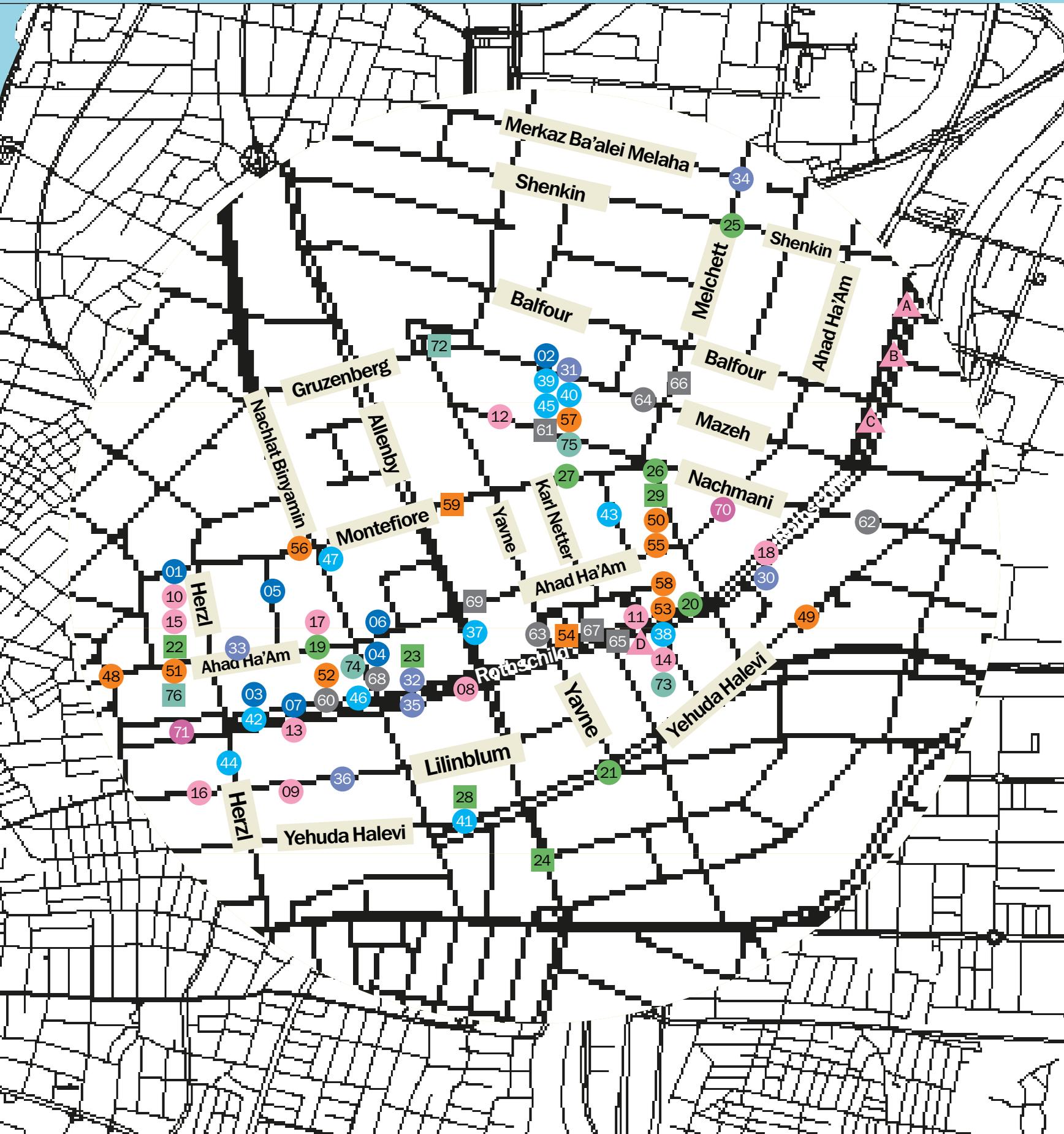
A unique event during which over 100 start-ups around the city open their doors to the general public, allowing a behind-the-scenes peek into one of the world's most active innovation hubs.



TUESDAY, SEP. 16 – PLAZA TO PLAZA (7PM - 11PM)

An outdoor public space celebration of urban innovation and ingenuity along Rothschild Boulevard, commonly referred to as Start-up Boulevard. Highlights include screenings of sci-fi movies on the wall of the National Theater, retro computer and arcade games, Augmented Reality and interactive art installations, a wearable tech fashion show, a youth innovation expo, and more.





Shai Goitein's electric-powered paper plane means the world can share his passion for flying, writes *Ben Rooney*



Flights Of



Goitein: A love of flying inspired his dream of a smartphone-controlled, electric, paper plane

Everyone remembers making paper airplanes, typically during a mind-numbing school lesson. Whose heart wasn't lifted by the joy of turning a piece of paper, with a few folds, into a plane and watching it soar? But while most of us forget that childhood joy, an Israeli entrepreneur and former IDF (Israeli Defense Forces) pilot has turned it into one of Kickstarter's most successful campaigns.

In just eight hours back in January Shai Goitein fully funded his dream of producing the world's first smartphone-controlled paper airplane. The campaign went on to raise a total of \$1,232,612, dramatically outstripping the \$50,000 he was seeking. Called PowerUp 3.0, the \$49.99 product turns a sheet of paper into a remote-controlled plane by adding a tiny electric motor, a battery pack and communication pack and a tiny rudder. It is all controlled over a Bluetooth connection by a smartphone. What's not to love?

"If you look at kids, they don't play with toys anymore, they play with gadgets," says Goitein. "They play with iPhones. I have a six-year-old girl. Kids stop playing at the age of eight and [even younger]. They play with computers and iPads. They are using high-end gadgets to fulfill their excitement."

"It is very challenging for the toy industry to compete with that kind of thing," says Goitein. "When you look at how long kids plays with

toys it can be measured in seconds." This idea of toys that update and change in their lifetime is something that Goitein thinks is fundamental. "Normally you go out and you buy something [that] doesn't change, but toys are going through major change and people are not realizing it."

The secret, he says, is to use products that interface with iPhones. "Once you integrate the physical with the digital you can give it a much broader play pattern. It's not just that; you can do much more with it. It can evolve."

The genesis of Goitein's PowerUp smartphone-controlled paper airplane goes all the way back to 2008 when, having graduated from Jerusalem's Bezalel Academy of Arts and Design and completed his Air Force service, he was asked to help out with a community project.

"I was working with some young kids that immigrated to the country from Ethiopia," he says referring to the decision by the Israeli government to bring Ethiopians of Jewish faith to the country. "I worked with these youngsters in teaching them aerodynamics."

At the time Goitein was living between Tel Aviv and Haifa and had some more free time. "I felt I could contribute," he says. "Sometimes you give and you get back so much more back."

As a reserve pilot with the IDF it seemed natural to teach the children about flight. It was while preparing the lessons, he says, that he came up with the idea for the PowerUp paper plane. "I learned all about these micro-flight things that were happening, microelectronics, materials and lightweight motors and batteries," says Goitein. "This was an interesting time because the cellular technology that emerged at that time made a big shift in miniaturization and [and the same time] all these different technologies were being commoditized: micro-motors, and tiny batteries and of course controllers. So I had this 'eureka' moment: let's put all this stuff together into a paper airplane and sell them."

His first attempt was not a success. "It was

still too expensive and we were trying to sell to a company that was mass market and we had some pricing barriers," he says.

Undaunted, Goitein persevered, tinkering away to cut costs and finding ways of improving the product, but it was hard. "This was in 2008, during the collapse of the market," he says. "No one was interested in anything."

Like so many entrepreneurs before him, Goitein had to make a tough choice: hold fast to his dream because he was so convinced that the world really wants an electric-powered paper plane, or throw in the towel and concentrate on his day job at Kodak. It was an easy call.

"I flew over to China with \$12,000 of my own money," says Goitein. "Together with a Chinese company we made a product – which was not controllable – produced 3,000 of them and sent them to Amazon ahead of Christmas."

It was an anxious time. Would the plane soar, or crash and burn? Goitein needn't have worried.

"It had an amazing buzz. It reached one of the highest ranks in Amazon."

The first version of the concept had a small electric motor that would fly for a minute.

"That was amazing because the world record was like 25 seconds," he says. "We won a few awards." In

Fantasy



2012, PowerUp 1.0 won the ATA Best Hobby Award.

Spurred on by the success Goitein returned to the workshop. It took several years to perfect the final version. “Eventually in early 2013 I decided to bring back the remote control and I met this start-up company that does Bluetooth. We worked together on integrating Bluetooth Smart technology as well as developing an app. “We were able not just to make a remote control airplane but also Bluetooth control, giving it much more functionality.”

Lest anyone think this is just a question of sticking a motor and battery onto a plane and watching it fly, there is a lot more to it than that. It took an aerospace engineer to figure out how to transform a flying object made out of folded paper into something that is both accurate and stable.

“What we did was to add a really smart way of connecting the module to your airplane universally,” says Goitein. “The module needs to be something you connect in one second and it just works. We also made everything really light and miniaturized and also extremely powerful. We also added a very small, micro rudder that gives you vectoring right and left.”

The connection to the smartphone makes the toy far more sophisticated than a regular remote control plane,

which can only send a signal one way. The PowerUp sends signals back to the smartphone, relaying the amount of battery power, amount of fuel and the actual thrust of the propeller. What’s more a lot of computational algorithms are done on the smartphone and sent to the module

“When you are flying a paper airplane, every one is a bit different, so we are providing different ways of auto-calibrating your plane through your smartphone.” Goitein says. “Turning adds thrust automatically and automatically reduces the torque of the propeller. The customer has no idea about this, they are just twisting their smartphone right and left and we do everything else.”

Unlike traditional aircraft that have flaps and ailerons to allow them to climb or descend, Goitein’s paper plane had to be simpler. “I didn’t want anyone tearing the paper,” he says. With his years of flying experience he knew that there were other ways of getting a plane to go up and down. “The more thrust you have, that changes the angle of attack of the aircraft,” he says.

Already the plane has had some upgrades, and since it uses an app and embedded controllers, updating the firmware is relatively simple. For example, the company is currently developing a dogfight mode.

With other flying devices like Quadcopters on the market today, Goitein is under pressure to add new features. As part of its Kickstarter campaign he asked people what the “stretch goal” should be? One that came up time and again was a camera. Essentially people wanted an electric-powered paper-plane drone all for \$49. That’s a challenge.

Aside from the form factor and the weight, Bluetooth can’t relay streaming video due to bandwidth. But it could work with Wi-Fi. While it is not something Goitein is focusing on now he doesn’t rule it out.

“Everyone loves the idea. A paper plane flying and guided by a smartphone – that is trivial right? But a paper airplane with a camera....”

Path To Success

1996 - 2000

Goitein attends Bezalel Academy of Art and Design, Jerusalem.

April 2002 – August 2007

Joins Scitex, soon to be acquired by Creo, as a Senior Product Designer.

September 2007 – May 2012

Industrial Design Manager at Eastman Kodak.

2008

Volunteers to teach aerodynamics to underprivileged children in the evenings. Has the “Eureka” moment for an electric paper plane.

2009

Starts work on the first version of the PowerUp, an electric-powered paper plane.

January 2011

Founds Tailor Toys LLC - the company behind PowerUp.

2011

PowerUp 1.0 launched. Becomes a huge hit on Amazon.

2012

PowerUp 1.0 wins an ATA award.

Fall 2012

PowerUp 2.0 launches with improved module, making it easier to fly.

February 2013

Best of New York Toy Fair Award for the PowerUp 3.0 Smartphone controlled paper airplane.

November 2013

Launches Kickstarter funding campaign. Targets \$50,000. Hits that goal within 8 hours.

January 2014

Kickstarter campaign closes at \$1,232,612 - the first Israeli Kickstarter project to raise over \$1 million.



Warriors

Microsoft has based its first global cybersecurity accelerator in Israel. It's not hard to understand why, writes *Ben Rooney*

It is no surprise Microsoft Ventures chose Israel this summer to host its first accelerator dedicated to cybersecurity.

The start-up nation is a global power in the sector; Israel's Checkpoint invented the modern firewall in 1993. Twenty-one years later exports of cyber-related products and services from Israel topped \$3 billion, three times that of the UK, a country with a population ten times the size. In 2013 Israel was second only to the U.S. in cybersecurity exports, according to Israel's National Cyber Bureau.

According to NCB data, 14.5% of all cybersecurity start-ups worldwide attracting investment are Israeli-owned.

The lucky winner in the first cohort of the new Microsoft accelerator will secure a \$1 million investor from partner Jerusalem Venture Partners (JVP), which has been investing in cybersecurity for some 20 years. JVP helped create Israel's first cybersecurity incubator in 2012 in Be'er Sheva.

Microsoft Ventures' Tel Aviv project is also being supported by Akamai Technologies.

The four-month program, which will run through January 2015, will provide start-ups with mentorship and market expertise and free tools with JVP committing to offer \$1 million in investment to one of the start-ups at the end of the accelerator program, together with a place in its own Be'er Sheva incubator.

The cybersecurity accelerator is by no means Microsoft's first or only connection with start-ups in Israel; since 2000 it has acquired at least six. For example, in November 2011 it purchased VideoSurf, a video discovery technology provider, for a reported \$70 million.

The U.S. software behemoth is taking part in the DLD Innovation Festival September 14th-17th by hosting an invitation-only event to connect start-ups with potential investors and industry experts.

"Israel makes total sense for cybersecurity,"

says Zack Weisfeld, Senior Director of Microsoft Ventures and the head of the Tel Aviv accelerator program. "It is an open secret that Israel has been home to many security companies starting from the days of Checkpoint to Trusteer (which was purchased by IBM in August of 2013 for close to \$1 billion).

"For good or bad Israel had to deal with a lot of issues related to security and cybersecurity throughout the years. There is definitely a significant amount of talent in Israel that deals with, and has dealt with for a long time, issues of security and cybersecurity."

According to Nimrod Kozlovski, a partner at JVP Cyber Labs, Israel's global lead is the direct result of two things, both of them linked to the government.

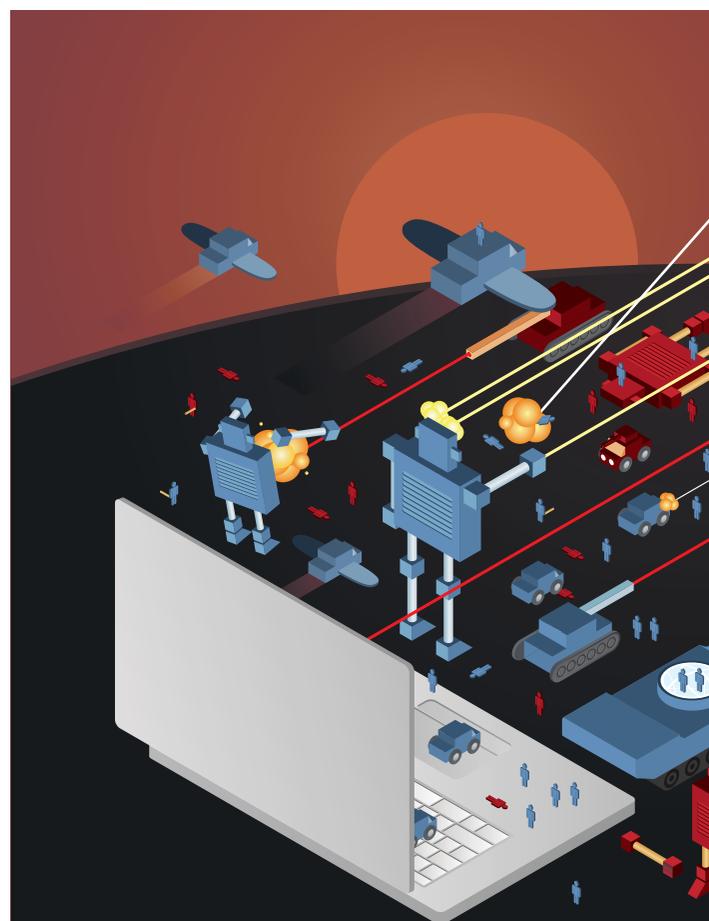
The first is the role of the Israeli Defense Forces. "The IDF is really an innovation hub," says Kozlovski. "The informed decision by the IDF to let people who are just released take the knowledge acquired while they are in the army without being too concerned about IP or commercialization of it, created many technologies that were commercialized and industrialized in a very fast way.

"Checkpoint is a good example. Two people in a unit in the army honed their expertise and a short time after being released opened a company based on this model."

The second, he says, is a deliberate program by the Office of the Chief Scientist to seed very early-stage cybersecurity companies. "Most of the early-stage innovation and R&D... is being sponsored by the government," says Kozlovski "This creates a very lucrative program for private investors to step in shoulder to shoulder with the government."

The combination of military experience and government direction has given Israel a huge lead on the rest of the world, a lead that Israel's unique position makes hard to overtake.

"You don't need a lot of training to start a mobile or Internet company; basically

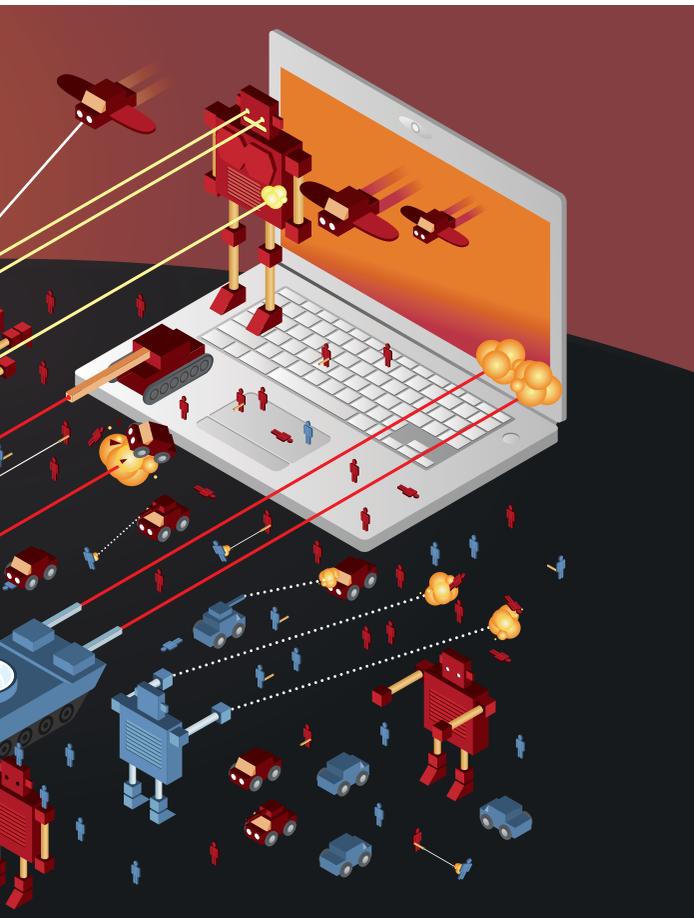


you just apply whatever innovation you can imagine the Internet will carry. It is more having a good UI," he says "But cybersecurity innovation requires a lot of knowledge, it requires years of experience to understand the operating system and the protocols and the attack chain and many elements that are the core of the network.

"If you look at a guy in the U.S., even if you are brilliant and went to college and left at the age of 22, most of the time you have taken two classes in Info Sec. If you are a cybersecurity warrior in the IDF, you have years of experience already; it is really hard-core experience. Many of them start training at the age of 16 pre-army, but even if you start at 18 when you are released from the army you have four to six years of experience. You have a huge head start ahead of anyone else," says Kozlovski.

So where is this head start taking Israeli cybersecurity start-ups? "There is a growing realization that the classic form of anti-virus detection is no longer good enough," says industry analyst Keren Elazari. She said detection rates had been falling dramatically. "It used to be 80-90%, now that is much lower; [only] 30-40% of attacks are detected. And I am talking about the classic protection of PCs and networks, I am not even talking about the new smart grids and the like."

Companies focused on finding new ways to



detect attacks include Tel Aviv-based CyberX, which recently landed a \$2 million funding deal. The company provides security for the industrial Internet. “If you go into the domain of the Internet of Things [IoT], specifically more in the industrial IoT, you have a huge domain which lacks security from the ground up,” says founder Omer Schneider, who served in an IDF cyber unit.

He said the old idea of perimeter defenses was no longer sufficient. “People will get through the fence,” he says. “To get inside is just a matter of time.”

CyberX’s model relies on looking for anomalies in the system. “We model the infrastructure behavior and we analyze the data we get,” says Schneider. “What we are doing is looking at your internal network and looking at your internal processes,” he says, refusing to release further details.

The security of connected devices – including medical devices – will be a big area, predicts Elazari. “I know that GE has people in Israel looking at this, General Motors has people looking at automotive security. Intel and Cisco are both looking at IoT security. There are not so many start-ups in this field yet. Expect to see more,” she says.

Israeli start-ups are also focusing on authentication technologies. As countless leaks have shown (the latest being an unverified claim

of 1.2 billion passwords stolen by Russian hackers) the username/password system is increasingly being seen as an inadequate.

Oren Kedem, Vice President, Product Management at Tel Aviv-based BioCatch, says the company, which has installations in the UK, Spain, Italy, Brazil, the U.S. and Canada, uses biometric analytics to identify unique individuals. “The first thing we extract are physiological traits,” says Kedem. “Things like left-handed versus right-handed. If you’re holding your device, what is the hand tremor? Everybody has their own distinct way.”

The company also has some 40 hidden challenges. “Let’s assume you need to click on a button on a form. We deflect the trajectory of the cursor by two or three degrees. That would cause you to miss the button if you continue to move the mouse in your normal manner. What you do, and you do it subconsciously, you correct the trajectory. What we do is we pick up on how you do it. We look for challenges that you respond to in a unique and consistent manner.”

The software has another very important advantage for the bank. Not only does it prevent fraud, it also reduces bank costs.

“We were in one particular bank that had 12.5 million log-ins a day. We identified about 10% as high risk. They have this mechanism called step-up authentication – secret questions, SMS authentication, etc. They have five different mechanisms. More than 20% of people fail. When you ask them “what is your pet’s name?” they can’t remember. No one remembers the answer they gave three years ago. So what did these people do? They call the bank. It costs something like \$4 a call. They have 300,000 people calling the bank a day. That’s \$1.2 million a day just because of poor authentication mechanisms. That’s the direct cost. The indirect costs are much higher. We can authenticate 80% of those people. We could save 250,000 people calling.”

What links CyberX and BioCatch, and many other Israeli cybersecurity companies, apart from geography, says JVP’s Kozlovski, is that they are taking an entirely new approach to cybersecurity. “We no longer believe in the perimeter defense. Now it’s about whether I can have the ability to make some sense of what the data is showing me and understand patterns, anomalies and profiling to detect and be alerted in real time. We call this paradigm proactive security. It is about detecting, predicting and preventing events. This requires a very different wave of innovation. It’s much more about big data and analytics and statistical modelling.”

Elazari is bullish. “The future of the industry is this new type of analysis. And the reality is that Israeli companies have been working on this for the last few years.”

THE CHOSEN START-UPS

HERMETIC.IO

Hermetic is developing innovative technology that allows service providers using crypto keys to easily implement strong crypto key security in their apps, and to release users from the need to deal with complex passwords.

DATAFLOW

Dataflow is a provider of Application Security Management (ASM) solutions for the Microsoft .NET Framework and JAVA Run-time environment. DataFlow is among the first products to have an active approach that deals with the source of the majority of security problems, the code itself.

SIEMPLIFY

Increasing cyber alerts are forcing prioritization that often leads to attacks going unhandled. By applying intelligence investigation methods into the response, SIEMply automatically evaluates the context, relationship and nature of alerts providing greater visibility, better detection and faster responses to actual security breaches.

CAPY

Instead of indiscernible squiggly letters and lines, Capy’s CAPTCHA, designed for mobile devices, is a puzzle in which a user needs to move a missing piece or pieces back into the picture. The company claims a turn away rate of less than 2%, compared to traditional rates over 13%.

SCADAFENCE

ScadaFence Network Intrusion Detection System for SCADA networks automatically identifies network day-to-day routine. Then, by applying cyber security behavioral algorithms, it is able to determine malicious intent and unauthorized operations.

MINEREYE

Minereye’s solution learns and identifies patterns in content to provide real-time control over information assets across your network. The service reports back in real time if it identifies content that is similar to your registered data.

Head In The Cloud

Amazon CTO Werner Vogels is a passionate advocate for the power of the cloud, writes *Jennifer L. Schneker*



Amazon is working to whip up developer support and get start-ups to use the company’s technology. So this year Amazon Chief Technology Officer Werner Vogels is not only a scheduled speaker at the DLD Tel Aviv Innovation Festival September 14th-17th, he has agreed to mentor the winner of an Amazon Web Services (AWS) contest taking place at the Festival. Israeli start-ups will compete for a one-on-one mentoring session with Vogels, free services and a total of NIS250,000 (about \$70,000). The three shortlisted start-ups will be invited to pitch their ideas in front of an audience of 1,500 at an AWS Summit in Tel Aviv on September 17th. The judging panel will include Vogels and executives from Intel and Israeli venture firm Magma.

Amazon has launched a program somewhat similar to Microsoft’s BizSpark that allows start-ups to build on AWS technology. Tell us more about it and how it fits with the company’s global strategy?

AWS Activate is a package of free resources for start-ups, including AWS credits, training, support, community forums and special partner offerings. We have been providing start-ups with all of these offerings but it was not part of a formal program. We decided to package all of our offers for start-ups together, which led us to launch AWS Activate in October 2013.

AWS Activate is organized into two tiers – a Self-Starter tier, open to any start-up, and an Accelerator tier open to start-ups in select accelerator, incubator, venture capital seed funds or entrepreneur organizations. Each tier offers customized packages with varied levels of resources. Start-ups like Hailo, Flipboard, Dropbox, WeTransfer and AirBnB are just a few examples of companies that are using AWS to grow their business.

Amazon opened a regional office in Tel Aviv in January of this year. What’s the objective?

Israeli companies were among the earliest adopters of cloud services in EMEA when AWS launched in 2006 so it made sense for us to launch an office in the country. Customers based in Israel are using AWS to run everything from development and test environments to Big Data analytics, from mobile, web and social applications to enterprise business applications

and mission-critical workloads. AWS counts some of Israel’s most well-known and fastest-growing businesses as customers including Wix, myThings, ClickSoftware Technologies and Onavo.

Amazon has rolled out many developer tools to attract the developer community. How successful has the strategy been to date?

We have grown rapidly and now have hundreds of thousands of developers in over 190 countries using the services. Despite all of this we still think there is a lot of room left for AWS to grow. We believe that AWS has the potential to be the biggest business at Amazon.

How do you see cloud computing evolving?

We will begin to see data processing move to real time. Up until this point Big Data has very much focused on looking historically – ‘people who brought product X also brought product Y, the market moved in this direction last week so is likely to move in that direction now.’ But, as AWS is adding real-time processing capabilities, we see a rise in data analytics that is able to produce results for our customers in real time, radically changing the products they can build.

We will also start to see cloud-based analytics enhance the off-line world. The cloud is already the place where researchers collaborate on data that flows in real time from devices such as the Mars Rover or the Illumina DNA sequencer into cloud storage. In the next 12 months expect an explosion in data generation by real-world devices and where that data is stored, analyzed and shared in the cloud. We will see a rise in the industrial cloud where industrial environments are equipped with sensors producing data to improve efficiency and reliability. An example is the project AWS runs with GE on instrumenting their gas turbines or with Shell where they are going to drop sensors in their oil wells; that will generate petabytes of data.

Cloud has changed how we interact with mobile devices. In the past content would be moved to the device; now devices are just a window to content and services in the cloud. In the next 12 months expect to see this approach migrating to non-mobile devices such as Samsung Smart TVs, treadmills and others.

1958

Born in Amsterdam, the Netherlands.

1991- 1994

Senior Research Engineer at INESC in Porto, Portugal.

1994-2004

Research Scientist in the Computer Science Department at Cornell University in Ithaca, New York

2001

Launches his blog All Things Distributed while still a scientist at Cornell.

2003

Received his PhD from the Vrije Universiteit in 2003 for “Scalable Cluster Technologies for Mission Critical Enterprise Computing.”

Sept. 2004- Jan. 2005

Director of Systems Research at Amazon in Seattle, Washington.

2005

Appointed Vice-President and Chief Technology Officer at Amazon.

June 2014

Received the inaugural Holland on the Hill Heineken Award for contributions to the U.S.-Dutch economic relationship and his commitment to innovation and support for entrepreneurs.

ACQUISITIONS

Location Is Everything

[KitLocate's odyssey shows that Tel Aviv start-ups no longer have to leave Israel to go global, writes Jennifer L. Schenker](#)

It wasn't long ago that Israeli companies had to move to the U.S. to get ahead. But the three-year odyssey of KitLocate, an Israeli start-up that offers energy-saving geolocation for smartphone apps, recently acquired by Russian search giant Yandex, illustrates how the Tel Aviv start-up ecosystem has evolved.

Founders Omri Moran, Ron Miller and Yoav Cafri met after their military service through an Army buddy and started playing basketball and poker together. They had never done a start-up before and had no clue how to raise money.

Only months after starting up in 2011 they met an investor at a local tech conference. He referred them to the Junction, an accelerator run by Israeli venture capital firm Genesis, which was accepting applications for a new cohort. KitLocate was one of the few chosen.

While at the Junction the company pivoted its business model from a consumer app that informed users about available discounts around them, to the core technology that app needed, the ability to monitor a user's location without draining the phone's battery.

"KitLocate's core tech is a combination of deep understanding of the device and its sensors along with advanced user profiling," says Moran. "By understanding when the right time is to sample and with what sensor, KitLocate is able to consume 85% to 90% less than similar solutions."

Six weeks after it changed direction to focus on the battery issue it won first place and a \$25,000 prize in a global competition organized by MasterCard on mobile-payment innovation. "We aren't a mobile payment solution but we argued that our tech is the next leap in mobile payment solutions since



being able to understand where the user is will boost the penetration of mobile payment solutions and their usage," says Moran. "When I was about to finish my presentation (and to prove my point) I urged the audience to think about every product that presented in the competition and to think about how much value we'd bring them. All the other solutions were variants of mobile wallets and they clearly would benefit a lot from our tech."

The prize helped KitLocate raise \$700,000 from local investors and sign up some major clients.

It also led to an offer from Microsoft Ventures (which did not invest) to join its Tel Aviv accelerator. Although KitLocate didn't need more funding or free office space the founders decided the company might benefit from the networking.

It did. Microsoft Ventures introduced the start-up to Russia's search giant Yandex, which purchased KitLocate for several million dollars in March of this year. (The exact sum was not disclosed.)

The KitLocate team will form the core of a research and development center that Yandex is opening in Tel Aviv, and the Russian search engine plans to hire more developers and managers.

KitLocate customers already include retailers like Sears, as well as parking service Pango Israel, MasterCard franchises, and social apps and gaming companies. Being part of Yandex will help the company "massively scale up" says Moran.

Yandex's Foray Into Israel

KitLocate's acquisition was not the first in Israel for Yandex. The Russian company took a stake in the Israeli face-recognition technology start-up Face.com in 2010 but sold it when Facebook acquired the company two years later. In 2012, it invested in Haifa-based appointment booking start-up GBooking and in May of this year participated in a \$4.1 million A round in SalesPredict, a predictive analysis start-up.

It is part of Yandex's global plan to work more closely with start-ups. The company says it is actively searching in Europe, Israel and the U.S. to find innovative search and geolocation technologies; personal cloud services such as document sharing between devices; mapping technologies connected with directories, places and navigation; and applying big data analytics to areas such as health and to combat fraud in the financial services sector.

Yandex says it will distribute KitLocate's technology on the international market and also use the company's technology to improve its own services, including mobile search and targeted advertising.

The Israel R&D center will initially focus on geolocation and KitLocate CEO Omri Moran will lead the Israeli development center as Yandex's Israeli General Manager.

H.E. Matthew Gould,
British Ambassador to Israel



Tech: The New Diplomacy

Tech has transformed the UK-Israel relationship. The partnership that has developed in recent years between the UK and Israel proves how technology connects nations and people, grows economies, and creates jobs.

As the British Ambassador to Israel I see extraordinary cooperation growing every day between our two countries across a range of technologies, from biomed to Big Data.

Britain is now a serious partner for Israeli technology, offering Israeli innovators an exciting alternative for going global.

British businesses have learned that sourcing innovation from Israel can give them a global competitive edge, and help them win business around the world. The potential has always been there. Israel is a cauldron of disruptive and exciting innovation.

Britain has large numbers of global companies looking for the best innovation, along with three of the world's top ten universities, one of the world's two financial centers, more banks than anywhere else in the world, and trading links all over the globe. Plus we are less than five hours' flight away. It is an obvious match.

But until a few years ago this potential was not being fulfilled. Few Israeli innovators thought about coming to the UK. Few British companies thought about sourcing their technology in Israel.

That has changed. British Prime Minister David Cameron even said before his first official visit to Israel in March 2014, that "our tech partnership with Israel is the strongest of any in the world."

And that change has not happened by accident. It has happened because the two governments agreed to make tech diplomacy a strategic priority and devote substantial resources to it.

One of the keys to the change has been the establishment of the UK-Israel Tech Hub, launched at the British Embassy in Israel in 2011 as a pilot program to drive economic growth in both countries through partnership in tech.

Since its inception, the Hub has created numerous partnerships, in which British companies gain a global competitive edge via Israeli innovation, and Israeli innovators expand internationally through the UK.

Supported by business leaders and government officials, the program has seen alliances built in areas such as

e-commerce, water tech, biomed and digital content in Arabic.

Our enhanced tech relations are not limited to diplomats or the business community; they affect the lives of almost all of us.

For example, patients in the UK's National Health Service (NHS) will benefit from increased investment in clinical trials, a result of a collaboration forged this March between Teva Pharmaceuticals, one of the world's largest pharmaceutical companies, and the NHS. Israeli-based Mapal Green Energy installed a state-of-the-art bubble aeration system at a plant of United Utilities, the UK's largest listed water company, that will reduce the plant's energy consumption by 40%. Online shopping has just become easier by marrying up major multi-brand British retailer Shop Direct with Israeli companies Cimagine and yRuler, whose platforms offer 3D augmented reality shopping.

The Hub was an integral part in making all these collaborations happen, from initial introductions, to transaction negotiations, to integration and implementation. Most recently, in June, some of the most promising Arab-Israeli hi-tech entrepreneurs met leading British Internet

content providers and investors in London. This was a part of the Hub's efforts to connect Arab-Israeli tech entrepreneurs with the fast-growing Internet market in the Arabic-speaking world by partnering with Britain's world-class content providers.

When we established this unique model, we did not simply jump on the bandwagon; we built something new, for the 21st century. But we did not do it alone. Our initiative would not have succeeded without the efforts and enthusiasm of so many people in the business sector and government in both the UK and Israel.

We are blessed to have friends like Avi Hasson, the Chief Scientist; the team at the Israeli Embassy in London; Haim Shani, the Hub's non-executive Chair; and of course DLD's Chairman Yossi Vardi.

Based on the Hub's success, the British government now plans to roll out the model to additional posts around the world and other countries are looking to establish similar enterprises.

The results speak for themselves and show the role that technology can play in diplomacy. Together, we achieve far more than we could apart; in doing so, we form stronger links between governments and between peoples.

HISTORY

DLD Tel Aviv

A small conference in the Negev has morphed into a global invitation-only event, writes *Jennifer L. Schenker*

It is hard to imagine that the DLD Tel Aviv Innovation Festival, Israel's largest international high-tech gathering, began 14 years ago as a group of innovators and entrepreneurs meeting miles to the south in the Negev city of Be'er Sheva.

"Cool People in the Hot Desert," took place May 13th-15th, 2000, and was the first major event at the Hubert Burda Center for Innovative Communications. The center was established in 1999 at the Ben Gurion University in Be'er Sheva to promote exchange between scientists, executives, tech entrepreneurs and politicians.

That first conference established the tradition of bringing in a large multinational audience and key global figures and included the president of AOL Investments and the managing director of eBay International.

After a second conference in 2004 in Jerusalem, a sister event, the invitation-only Digital Life Design (DLD) conference in Munich, was founded by Steffi Czerny. The Munich conference, which has been held annually

since 2005 and is chaired by Israeli Internet guru Yossi Vardi and Hubert Burda, the chairman of the Hubert Burda Media Group, is global in scope and focuses on digital disruption.

Previous speakers at DLD in Munich have included Google chairman Eric Schmidt, YouTube founder Chad Hurley, Wikipedia founder Jimmy Wales, Megan Smith (ust appointed Chief Technology Officer for the U.S. government), scientists such as biologists Craig Venter and Richard Dawkins, authors such as Nassim Taleb, musician Yoko Ono and Nobel Laureates Martti Ahtisaari, Muhammad Yunus and Daniel Kahneman.

Today's DLD Tel Aviv Innovation Festival will include the same mix of local and international tech personalities as well as side events organized by tech companies including Google, Amazon Web Services, Facebook and Orange. It will also feature summits on cybersecurity and smart cities and host an "urban happening" on Rothschild Boulevard, home to many Israeli start-ups.



Steffi Czerny:
DLD Co-founder

INFORMILO



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Our magazines are also sent to Informilo's subscribers, who include some of the industry's leading VCs and other investors; start-ups and high-growth businesses; and members of the ecosystem such as leading lawyers and accounting firms.

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Pioneers Festival, Vienna	29-30 October 2014
Web Summit/Founders	4-6 November 2014
NOAH Conference, London	13-14 November 2014
SLUSH Helsinki	18-19 November 2014
Le Web, Paris	9-11 December 2014

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Mobile Location Intelligence

Business smarts like never before



Location data that maximizes sales, increases loyalty, and enhances your brand

There's lots of talk about big data, but how much of that is really actionable and helps contribute to your bottom line? KitLocate integrates information on consumer behavior and geographic location allowing you to deliver a message that can put people into your store and move them along the path to purchase. KitLocate increases foot traffic, maximizes sales and strengthens customer loyalty.

Location Intelligence: Providing actionable insights



Always-on Location
KitLocate's SDK adds 24/7 power-smart location aware capabilities to your app



App Dashboard
Define & manage locations & users' engagement policies



Actionable Insights
Based on big data prediction engine & user location data



Your Shop, Your Customer
Effective messaging via push notification that drives sales & customer loyalty

Understand your customers' needs before they do

Our consumer behavior prediction engine uses a powerful set of big data tools to analyze millions of daily user movement-graphs™ and provides actionable personal insights and predictions on a massive scale. Consider these examples:

Increase sales and foot traffic to your stores

📍 Get user specific predictions based on consumer travel patterns in the vicinity of your store and turn passers-by into loyal customers.

Increase share-of-wallet and customer loyalty

- 📍 Use geo-expressed customer intents™ to draw customers back to your stores. For example, a customer intent on buying toys can be geo-expressed by a visit to Toys "R" Us™, intent to buy a new TV by visiting Best Buy™, etc...
- 📍 Develop successful and measurable share-of-wallet growth strategies based on your customer shopping patterns. Understand where else your customers shop and use that information to drive more sales for your products.

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For more info please contact sales@kitlocate.com

Case Studies

Fortune 500 Retailer

% of open messages sent over time



15% in 1 min

40% in 30 min

50% of the opened messages led to additional actions

Credit Card Company

% of open messages sent over time



44% in 5 min

60% led to additional actions