

# ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES  
September 2014 Vol. XXIX Issue No.7

JOSEPH MORGENSTERN, PUBLISHER-  
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## A Month Long Cease Fire

On August 26 the war in Gaza came to an end. Essentially it was agreed for one month. However, the fighting has had a little effect on this country's economy. Moreover, the high-tech sector continues to flourish and the purchase of Israeli companies continues onward.

### **Altana invests \$135m in Landa Digital Printing**

The German company has taken a minority stake in Benny Landa's nanographic printing venture.

German specialty chemicals group Altana is investing \$135 million (€100 million) in Landa Corporation unit Landa Digital Printing in an equity financing agreement. The proceeds will be used for completing the development of Nanography, Landa's water-based digital printing process, including engineering and production ramp-up of Landa Nanographic Printing Presses and building of manufacturing plants for Landa Nanoink colorants. The process involves ink, nanometric in size (one billionth of a meter) allowing high quality and efficiency in printing, mainly for the commercial market.

Landa: Nano promises printing revolution  
Landa mulls raising up to \$200m for nanometric ink co  
Landa's nanographic co teams with Komori

Altana's investment is for minority rights in the company. Altana said that, "Both compa-

nies see the agreement not only as a financial investment, but also as a starting point for a long-term strategic partnership to bring digital printing solutions to the commercial, packaging and publishing markets.

Other units of the Landa Group, including Landa Labs and Landa Ventures, are not included in the transaction."

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Landa said that, "Altana has annual revenue of €1.8 billion and is found in many places in the printing industry and that's what is relevant for us. Altana has four subsidiaries, three of which are involved in our industry and that's what makes them a strategic investor. One of the subsidiaries manufactures additives for colored inks, and another manufactures pigment ingredients, and one manufactures printing coatings so that they really go together with our activities."

He added, "That said, although it is a strategic investor it is not in the printing machinery market so have no competitive conflict, and that's what makes it a special investment."

Landa's company exhibited its products already in 2012 and started looking for investors, a process that continued a rather long time. "The truth is that we didn't think there were any such investors. We were looking for a financial investor," Landa remarked. "When we realized that the size of the investment would make it hard to find one investor, the alternative was to make an agreement with a group of financial investors which we really didn't want to do. The reason is that when you have a group like that, you have to deal with investor relations, instead of managing the business. It's pretty selfish I want to engage in productive things. I prefer an investor who understands things and a board of directors consisting of people in the sector, not just bankers and accountants who represent investors."

What is the next stage?

"Two years ago, we launched the products at an exhibition, and got almost \$1 billion in orders for printers. That was reason why we had to raise money, because we were expanding infrastructure preparing production plants for ink for machines and enlarging engineering teams.

That's a very big investment. Up until now, I've been financing the company alone, and this is too big for a private person."

The company currently has 200 employees, and is on an upswing. "Right now, 100% of the activity is in Israel. The plan is for most of the activity to stay in Israel in the future," says Landa. "In a global business, of course, you need local production of ink, because customers can't be dependent on a single source. We'll set up ink plants around the world when the time comes." Landa also points out that "Just as with HP (which acquired Indigo, the company founded by Landa, S. H-V), one of my conditions for a deal was that the investor has to support industry in Israel, and further R&D and production has to be Israeli."

Will the company make an IPO in the future?

"Who knows? We have no plans right now for any offering or additional capital raising. This investment will see us through until we make a

### Israel High-Tech & Investment Report

Published monthly since January 1985

#### Publisher and Editor in Chief

Joseph Morgenstern, B.A. Chem.

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#### Graphics Consultant

Daniel Morgenstern

#### Subscription Inquiries

Tel-. +972-3-5235279 Fax. +972 3-5227799

E-mail: htir\_1@netvision.net.il

Annual subscription \$95.- per year, for 11 issues,

Israeli residents add 17% VAT

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profit, and as of now, we aren't planning anything beyond that.

"We are extremely excited to be partnering with an industry visionary like Benny Landa. We speak the same language in terms of innovation," said Altana CEO Dr. Matthias Wolfgruber. "I am confident that we are investing in a game-changing technology that can enable the printing industry to thrive in the 21st century and help our customers position themselves well for the future."

### **Japan's Rakuten targets Israel with \$100m venture capital fund**

Having acquired call app Viber, Rakuten is seeking more Israeli investments.

Four months after acquiring Viber's call app Japanese e-commerce giant Rakuten is still eyeing Israel for future investments. The company today announced that its venture capital investment arm Rakuten Ventures has launched a new \$100 million global fund that will target investments in startups and companies in Israel, Asia Pacific, and the US. The fund operations will be run out of Singapore and Rakuten Ventures' managing partner Saemin Ahn will act as its fund advisor.

Rakuten stressed that it seeks start up investments that will improve the user experience

Ahn said, "If you just look at the last couple of years, Waze and Viber (that we have invested in) are great examples of companies taking on massive issues like transportations and communications, breaking them down to their basics, and providing an engaging and sticky user experience that people have come to love and depend on. More Asia-based VCs are venturing out into different regions to look at investment as long-term growth vehicles."

### **Start-up financing highest since 2000**

IVC: Companies raised \$930 million in the second quarter of 2014.

175 Israeli high-tech companies raised \$930 million in the second quarter of 2014, the IVC Research Center reports. This was the highest quarterly figure since 2000 and a 38% jump from the \$673 million raised in the preceding quarter, and 109% above the \$446 million raised in the corresponding quarter of 2013.

### **IVC: Israeli start-ups raising record amounts**

IVC: Israeli high-tech exits totaled \$6.64b in 2013

The average company financing round reached \$5.3 million in the second quarter of 2014, up from \$4.2 million in the preceding quarter and \$3.2 million in the corresponding quarter.

The quarterly figures include a \$135 million investment in Landa Digital Printing by Germany's Altana Group. However, even excluding this deal, the quarter's investments reached an exceptionally high \$795 million, 18% more than the previous quarter, and 78% more than the corresponding quarter. The average company financing, excluding the Landa deal, reached \$4.57 million.

108 venture capital backed deals accounted for \$572 million or 62% of total capital raised. While this was well below the five year average of 77%, the amount was 29% above the \$444 million quarterly average since the start of 2013.

The average VC-backed financing round was \$5.3 million, down from \$6.1 million in the preceding quarter and up from \$4.2 million in the corresponding quarter.

In the first half of 2014, 335 Israeli high-tech companies raised \$1.6 billion, an increase of 81% from \$885 million in the first half of last

year, and 67% from \$962 million in the first half in 2012. This was the strongest capital raising period on record for Israel's high-tech industry.

KPMG Somekh Chaikin's Technology Group Partner Ofer Sela said, "Mature, revenue growth companies are continuing to raise significant capital. While in the past, venture capital funds saw the M&A route as providing the best opportunity for revenue growth company exits, potential NASDAQ IPOs are now a major driver of VC investment."

He added, "SaaS and other companies operating in a recurring revenue model are dominating VC-backed investment. We are seeing a significant number of seed stage firms positioning themselves as recurring revenue model companies as the transition from a product company to a service company is very challenging at a later stage."

First investments accounted for \$52 million or 34% of total Israeli VC investments - slightly above the 33% 2013 quarterly average. This compared with 37% and 25% in the preceding quarter and corresponding quarter respectively.

In the second quarter of 2014, the life sciences stood out as the sector attracting the most investment. 44 companies raised \$251 million or 27% of total capital raised, up 83% on the \$137 million invested in the preceding quarter and up 156% on the \$98 million raised in the corresponding quarter of 2013.

IVC Research Center CEO Koby Simana said, "In the second quarter of 2014, we saw consistent increases in capital raised at all stages, from early rounds - such as seed and A-round - to later rounds. The increase in early rounds is explained by the Landa deal, which was an A-round for the company. The rise in mid-stage rounds is relatively minor, which means most of the increase in capital raised in the second

quarter is a result of more late stage deals from D-round and up."

He added, "We found a direct correlation between deal size and round type. It seems a sizable portion of the late-round hike is a direct result of the increase in the number of deals above \$20 million. In the first six months of 2014, we counted 15 deals above \$20 million, nearly equal to the number of such deals for the entire 2013."

### **Private equity investment deals hit 4-year low**

Private equity investment in Israel fell to \$77 million in the second quarter.

Private equity investors undertook 17 equity deals at an investment of \$77 million in the second quarter of 2014 according to the latest IVC Research Center - Gross, Kleinhedler, Hodak, Halevy, Greenberg & Co. (GKH) survey. This was the lowest quarterly amount in four years, 77% down from \$339 million invested in 14 deals in the preceding quarter and 90% down from \$760 million invested in 19 deals in the corresponding quarter of 2013.

The largest deal in the quarter was a \$20 million investment in drug developer BiolineRX Ltd. (Nasdaq: BLRX); TASE:BLRX) by foreign fund Lincoln Park Capital.

GKH Partner and Head of M&A Rick Mann said, "The second quarter figures clearly indicate that private equity funds see few significant opportunities in the Israeli market at this time. The principal exception is the life sciences sector which is also currently experiencing a positive reception in the capital markets. However, investments in Israeli life science companies, while dominant in the second quarter, tended to be relatively small."

Israeli private equity funds invested only \$20

million - 26% of all private equity investments in the second quarter of 2014. This was the weakest quarter for Israeli private equity fund investments since 2011. In comparison, \$192 million and \$128 million were invested by Israeli PE funds in the preceding quarter and corresponding quarter, respectively. IVC Research Center Research Manager Marianna Shapira said, "It appears that private equity funds adopted cautious behavior this past quarter, reflected by low amounts invested per deal, taking smaller-than-usual positions in target companies, and cooperation with venture capital funds and other investors. The proportion of co-investment deals jumped to approximately 70% from a two-year average of roughly 40%, as until recently investors preferred single investment deals. This pattern is unprecedented for Israel's private equity industry."

### **The IDF has successfully introduced the tactical radar system into the Gaza conflict.**

In the middle of the fighting in the Gaza Strip, in an attempt to deal with the mortar shells threat to the large forces in the field near Gaza and those already operating in Gaza, the IDF has bought forward the launching of the WindGuard radar system into operational use. The system, based on tactical radar, defends ground forces exposed to the threat of short-range rockets and shells. The system was developed by Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) subsidiary Elta Systems, which also produces the radar used by Iron Dome. The system was first unveiled a month ago at the Eurosatory international weapons system exhibition in Paris. This rapidly deployable mobile system immediately identifies the launching of short-range rockets or shells in the direction of a defined area, and provides the forces with warning of the launch.

### **Russian fund to invest up to \$75m in GetTaxi**

Baring Vostok is reportedly in talks to invest half

of the money being raised by the taxi hailing company.

It is less than a week since taxi hailing app company GetTaxi announced that it had raised \$150 million from foreign investors. The company only chose to disclose the name of Swedish fund Vostok Nafta Investment, which invested \$25 million in the financing round.

### **GetTaxi sets sights on corporate customers** **Get hailing app co GetTaxi raises \$150m**

Sources inform "Globes" that the largest investor in the financing round is likely to be Baring Vostok, the largest private equity fund in Russia, which is in talks to inject up to \$75 million into the Israeli start-up - half of the financing round. The money will be invested, subject to the signing of an agreement, through a loan than can be converted to equity, at a variable company value (according to various milestones) that will start at less than \$500 million.

GetTaxi said in response, "This information is incorrect." Baring Vostok was not available for comment.

GetTaxi CEO and founder Shahar Waiser was born in Russia (his original family name was Smirin) and he was one of the founders of Comverse Russia. Since its founding GetTaxi has raised, before the latest financing round, \$50 million from investors including Kreos Capital loan fund and Len Blavatnik's Access Industries.

### **An OECD report rated Israel after Luxembourg, Ireland, and Chile.**

The Israeli economy is still one of the world's most attractive targets for foreign direct investment (FDI), according to the annual OECD report on the subject. According to the report's figures, Israel is in fourth place in the world as a target for foreign investment in proportion to

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GDP, with FDI totaling 4% of GDP in 2013, trailing Luxembourg, Ireland, and Chile.

Israel's ratio of FDI to GDP was significantly higher than the OECD aggregate ratio of 1.4%, the euro bloc's aggregate ratio of 1.4%, and the 20 most important countries' aggregate ratio of 1.6%. Furthermore, Israel's ratio of incoming FDI was higher than the aggregate ratio for emerging markets, including the aggregate ratio for the BRICs countries (Brazil, Russia, India, and China), which attracted most of the FDI over the past decade.

In contrast to financial investments, i.e. the purchase of Israeli shares, which are by nature temporary and short-term, FDI is by nature long-term, reflecting great confidence in an economy, particularly the causes of increased employment and economic growth. These investments are of decisive importance for sustainable long-term economic growth.

According to OECD figures, FDI inflows to Israel soared to 24% to \$11.8 billion in 2013, after plunging 14% from \$10.8 billion in 2011 to \$9.5 billion in 2012, 2011 being an exception in FDI inflows.

Note that investments in Israeli companies from Luxembourg in 2012 totaled \$1.06 billion in 2012, while companies from Italy withdrew \$815 million from Israel. Although the sectors for half of the FDI inflows are unknown, a third of FDI inflows were invested in services, including financial services.

### **Mati Kochavi sets up \$120m Israel start-up fund**

Moonscape Ventures will invest in Internet of Things, smart cities, big data and new media.

Businessman Mati Kochavi, who owns technology companies AGT International and Logic Industries, has set up Moonscape Ventures

to invest \$120 million in Israeli start-ups. AGT operates in Internet of Things and Logic provides electronic sensors in the security sector.

Moonscape Ventures will make early stage investments in a wide variety of sectors related to the Internet of Things, including smart cities, big data and news and media technologies. First round investments will range from \$500,000-\$5 million.

Moonscape Ventures will be managed by Tammy Mahn, a leading investment professional with years of experience at Pitango Venture Capital and Evergreen Venture Partners, and Yonit Golub Serkin, who served as the Deputy Chief of Staff for Economic Development for the City of New York during Michael Bloomberg's Administration. There she worked to develop and implement policies to attract entrepreneurs, build the city's angel fund and grow Silicon Alley.

Kochavi said, "Companies in the Moonscape portfolio will benefit from our deep experience, global network and partnership opportunities. By leveraging our unique access and experience, startups will be well poised to transform their innovative ideas into disruptive technologies."

Mahn said, "Moonscape Ventures will work with our portfolio companies to build the best team possible and leverage sector experts and international access to accelerate growth. Our company is founded on a long history of innovation and success and we're pleased to offer that legacy to startups."

Moonscape Ventures also announced its first investment of \$3.1 million in start-up Social Studios whose technology uses social media data and automatically creates and curates personalized video content.

Vocativ will be the first company to use Social Studios' technology to build a personalized

video platform enabling its users to view content highly tailored to their interests and those of their close circles. Now in beta, SocialStudios will be incorporated in the Vocativ offering this fall.

### **Li Ka-shing invests in Israeli start-up FeeX**

FeeX, whose service finds hidden fees in investment accounts, raised \$6.5 million.

FeeX, a service that finds and reduces hidden fees in investment accounts, has secured \$6.5 million in Series B Funding. The funding was led by Horizons Ventures, controlled by Hong Kong-based billionaire Li Ka-shing, and existing investor Blumberg Capital participated in the round. The company has raised \$9.6 million to date.

### **Biodegradable packaging co Tipa raises \$10m**

FeeX was founded in 2012 by Yoav Zurel, who serves as CEO of the company, David Weisz, Eyal Halahmi, and Uri Levine, one of the founders of Waze, who provided the company's initial investment and serves as its chairman.

"People are paying at least one third of their savings in fees over the course of a career and the lack of transparency of these fees is outrageous," said Zurel. "We are the only company on your side helping you decode and fight against the onslaught of confusing financial fees. This round of funding will help us expand our offering to expose fees in other markets like banking, credit cards, mortgages and so much more."

In March 2014, FeeX launched in the US to help Americans assess and minimize the amount of money spent on financial fees each year estimated at \$600 billion. Currently, FeeX has more than 60,000 users, has surpassed \$1 billion in assets under protection, and has identified more than \$277 million in potential savings for

its customers.

"FeeX has developed an objective solution that is disrupting the asymmetry of information that prevents ordinary consumers from easily understanding the true costs of their investments," said Jason Wong, a director at Horizons Ventures. "Their vision is even bolder -- to democratize and demystify all financial information, shining light on all fees inhibiting us from attaining the best financial futures possible."

FeeX examines all investments and shows people a clear picture of their fees, including expense ratios from mutual funds, fees from financial advisors, account maintenance fees, asset-based fees and much more. FeeX's sophisticated algorithms condense the information in an easy-to-read format that reveals how much people actually pay for the privilege of investing. FeeX then shows what can be done to reduce, or sometimes eliminate, these fees.

### **Chinese Expand Investment in Israeli high tech**

We are facing a new era of building relationships between Chinese companies and private investors, on the one side, and companies in the Israeli high-tech industry, on the other side. The Chinese-Israeli connection burgeoning these days calls to mind the first days of the strategic relationship that has developed over the decades between the United States and Israel.

Of the capital invested each year in Israeli technology, 90% originates in the United States; but in view of recent Chinese investments, China could also become a leading player in this arena.

In the coming decade, joint [Chinese-Israeli] economic activity is expected to grow and expand along the "food chain" in the spheres of know-how and technology. This collaboration is reflected in the increase in Chinese invest-

ments in venture capital funds; the rise in direct investments in Israeli high-tech companies; the growth in acquisitions of Israeli high-tech companies by the Chinese and the establishment of Chinese research and development centers in Israel, and in joint academic projects, as observed this week [Sept. 29 ], upon the announcement of the huge donation made by the Li Ka Shing in support of the Technion — Israel Institute of Technology.

Might that cannot be ignored

Anyone who visited China in recent years could not ignore the might exhibited by the Chinese economy, as evidenced in the momentum of growth, construction and implementation of technological solutions on an unprecedented scale. China seems to have skipped several technology generations toward the center stage of state-of-the-art technology. The urbanization processes, involving the concentration of hundreds of millions of Chinese in swiftly built and fast-growing cities, are bound to require technological solutions in transportation, communications, energy and water supply and health services. Within a short period, China has established itself as the second economic power in the world after the United States, threatening Western economic hegemony. The times when China was part of the BRIC countries (Brazil, Russia, India and China, countries at a similar stage of economic growth) have long since gone by, and it is now a league of its own.

Israeli visitors to China cannot help but notice the tremendous respect and esteem the Chinese feel for the Jewish people and the state of Israel. They perceive Israelis as a highly intelligent people with numerous achievements, from whom they can learn and with whom they can cooperate. Quite a number of Chinese delegations have been visiting Israel. They come here ever more frequently, seeking innovation in various fields, such as agriculture, energy, communications and medicine.

However, the clear potential for collaboration has not yet been realized. Past attempts at cooperation were, for the most part, directed by the Chinese toward forming joint ventures, which so far have not borne fruit.

Recently, we see privately controlled Chinese companies (although still dependent on government support) seeking to enter the global markets on the basis of a business model similar to that employed by the Americans — by means of dollar investments outside China. The Chinese government is increasingly allowing private ownership of businesses and properties, and enabling overseas investments. Yet, such investments have to be officially approved first, and are often subject to various scope conditions and limitations. Anyway, the process, slow as it may be, is radically reshaping Chinese business management.

This newly adopted global orientation of the Chinese economy (as against the domestic business activity, conducted in the local currency of China) opens a new opportunity for strengthening Chinese-Israeli cooperation. After all, taken together, Israel and China account for a quarter of humanity.

### **Hot Israeli Tech Startups**

Israel's dynamic tech startup scene is no secret. The country has been called the "start-up nation" for years and, today, only the U.S. and China have more companies listed on the NASDAQ than Israel's 90 — worth a total of \$40 billion. Innovation continues and a new crop of Israeli tech startups are on their way up, transforming healthcare, entertainment, finance, media and a myriad of other industries. The hot startups below have secured funding from investors, and are perhaps, on their way to successful exits or IPOs. Here are 25 Israeli tech startups to watch this year:

### Zuta Labs

Zuta Labs raised more than half a million dollars in a Kickstarter campaign that ended in May by offering to scratch an itch that's been bothering techies for years. The product? A truly mobile printer. The Zuta prototype, which is scheduled to ship in January 2015, is a 4-inch by 4.5-inch inkjet printer on wheels. It deposits ink line-by-line just like a conventional printer does, except that it rolls over the page rather than sucking it through the printing mechanism. The printer uses standard HP ink cartridges and charges by USB and it's light and small enough to fit in most bags. Consider the mobile printing itch scratched.

### Kaltura

In many ways, Kaltura is the company that every startup wants to become: the elusive billion-dollar tech unicorn. Since its founding in 2006, it has secured \$116 million of funding and has become an industry leader after introducing a highly disruptive product: an open source online video platform. The buzzwords surrounding Kaltura's SaaS platform are "highly flexible" and "future-proof." The idea struck a chord. Today anytime you're watching online video from over 300,000 media, corporate and educational organizations ranging from HBO to TMZ and Harvard to Bank of America, it's being powered by Kaltura's highly flexible, robust platform. What does that mean to investors? The word is that Kaltura could likely be one of the next billion-dollar exits or major tech IPOs.

### Yevvo

Yevvo bills itself as the Twitter of live streaming, which is a pretty fair description. The app allows users to share a live video stream with their followers at any time. The young Israeli co-founder and CEO, Ben Rubin, raised several hundred thousands of dollars for Yevvo throughout 2013. In October, a proof of concept of the app's virality came when 3,000 students from four high schools in Detroit downloaded Yevvo after word

of the app spread organically. Then, in February 2014, the serious money came in, when Yevvo closed a \$3.7 million Series A round. Yevvo has continued to spread since then. In May, Bloomberg TV reported that the app's users had tripled in the last two weeks.

### Yotpo

A simple solution to a widespread problem. That's often a formula for startup success, and it's what Yotpo has hit upon with its online customer review platform. The company seems to have struck the right balance between standardization and customization: it's a plug-and-play service with several standard features, such as a translator and moderation tools but it also flexible enough that it can be made to fit seamlessly with the aesthetic of any website. Investors seem to think the two young founders, based in Tel-Aviv, have gotten this balance right. In January Yotpo closed an A round worth almost \$11 million.

How many online privacy agreements have you confirmed without reading them in the last week? How about the last month or the last year? How many apps have access to your personal information? Probably more than any of us would care to count. The problem with e-signing privacy agreements and granting permissions to apps is that it can be hard to take privileges back, once they've been granted. MyPermissions is a dashboard that scans for all apps and web apps that have access to your information and shows you the results in one place. From there, you can get rid of apps you consider intrusive. Since its founding in 2012, the app has become available on iOS, Android and, recently, Chrome. Management is working with \$2.6 million of funding raised in two rounds in 2013.

### Otonomic

Website builders, such as Weebly and Squarespace, generally try to reduce the number of

clicks needed to complete a site. Otonomic, which launched in March, has taken this design philosophy to the extreme: one click is all it takes to build a site. Otonomic, whose target clients are small business owners and freelancers, achieves this economy of clicks by pulling all information for a site from a business's Facebook page. Then the site automatically updates whenever the Facebook page is modified. The simplicity does not, however, mean limited functionality. Otonomic sites natively support mobile devices and online stores. Also, if you don't mind clicking a few more times, the sites can be customized. The service has gotten off to a good start. More than 20,000 businesses built sites on Otonomic in the first two months it was available and in May the company closed a Series A round worth \$1 million.

### **GetYou**

The developers of GetYou have created a social feedback platform that enables users to discover how strangers and friends perceive them. Users connect to others by guessing about certain characteristics, like age, occupation and personality traits. Users also see what others are guessing about them. GetYou aims to create a new paradigm in social input, allowing users to submit feedback and impressions on the social graph via interactive gaming mechanisms rather than in "comment" or "like" format. The platform's first application, launching next month, is a mobile game that uses semi-anonymous feedback. The company has raised capital from investors including RDSeed and Avishai Abrahami, the founder of Wix.com.

### **BillGuard**

Yaron Samid, a serial entrepreneur, and Raphael Ouzan, a data security expert, founded BillGuard because they found checking their credit card statements to be a nuisance. They set out to design an app to streamline the process, but then the project became something more: a fraud detection device. Their insight was that

fraud comes in a number of packages that don't necessarily involve career criminals stealing your identity. Fraud can be as mundane as your gym charging you fees you didn't agree to. These kinds of charges are costly on an individual level, and very common. BillGuard detects some of these charges on its own and allows users to flag others, which improves detection over time. The app also alerts users to data breaches at places where they've shopped and to other financial security risks. The company is well-funded with \$13 million raised in two rounds in 2010.

### **Optimove**

Tel Aviv-based Optimove provides tools for e-commerce businesses to retain and upsell customers by reducing churn. The retention automation platform is designed to replace marketers' guesswork with behavior tracking analytics and algorithms that spit out specific guidelines about what promotions and ads to serve to individual customers. Founded in 2009 by a data scientist and an operational researcher who met at Tel Aviv University, Optimove got started with the founders' savings and grants from the Israeli government. Today the company has 35 employees and a portfolio of clients, ranging from gaming sites to e-commerce companies. It's branching out now. In March it released a tool that will enable marketers to target Facebook app ads to their customers, and this quarter it expanded sales to the U.S.

### **Petbnb**

Petbnb is exactly what you think. The service, which is currently available in Israel and is coming to the US soon, pairs pet owners with caretakers who can watch their pet while they travel. It is an elegant solution to a common problem and it means no more pawning off the pooch on Mom. It's also significantly cheaper than conventional boarding and, one presumes, more pleasant for pets.

### **StartApp**

A tenacious mobile advertising company, StartApp has spent the last four years taking on the giants in the space, and has been winning market share. As of early this year, the company's ad platform had been downloaded 1.5 billion times in Android apps.

A year and a half earlier this figure stood at 150 million. Recently, the innovative platform became available to iOS developers for the first time, which will give StartApp access to an as yet untapped market. The company's series A round in 2012 was worth \$4.3 million. Perhaps it hasn't raised more money since because it's generating lots on its own from mega success.

### **Azure PCR**

The game-changing molecular diagnostic technology developed by Azure PCR allows users to instantly diagnose viral, bacterial or fungal illnesses with a blood or urine sample. The significance of the software is threefold: the need for specially trained technicians is removed; results are obtained much faster than in current lab settings; and accuracy is improved. Not only are diagnostic costs drastically reduced with this technology, but in areas with limited technicians and labs – particularly in the developing world – it could revolutionize healthcare and save lives by empowering anyone to instantly diagnose a disease and seek treatment before it's too late.

### **FeeX**

Of course, monthly membership services aren't the only ones charging hidden fees. Retirement funds are notorious in this respect, but also are rarely held accountable. That's what FeeX plans to change. Created by Yoav Zurel, David Weisz and Waze founder Uri Levine, FeeX takes a snapshot of your retirement accounts and calculates what you're paying in fees and what percentage of your nest egg the fees

will consume before retirement. Based on the results of the analysis of other users' accounts, FeeX can recommend cheaper alternatives if you're being fleeced. \$3 million from Blumberg Capital has the startup on its way to building a wide user base.

### **Moovit**

Another project in Uri Levine's portfolio (he's an early investor and chairman of the board), Moovit is doing for public transportation what Waze did for navigation: crowd-sourcing information from users and designing clever software to use these data to give directions. Moovit was one of the big funding winners of 2013, closing a \$28 million round led by Sequoia in December. The app is free and it's not making any money, but that's not the goal, at least for now. If Moovit is following Waze's playbook, it will keep expanding its user base and collecting data until one of the big players snatches it up. That worked last time. Waze sold to Google for \$1.1 billion after rejecting lower bids from Apple and Facebook.

### **SCiO**

When Consumer Physics's founders launched a Kickstarter campaign in April 2014, they knew they'd need to raise a big sum to manufacture their SCiO molecular scanner. So they set the funding goal high: \$200,000. The campaign went... well. By mid-June the Israeli company had raised \$2.8 million. The scanner, which looks like a thumb-sized USB flashlight, has three modes for food, medicine and plants. From early demonstrations it appears to be highly accurate, able to distinguish, for example, between a Tylenol and a Tylenol PM and capable of determining the macro-nutritional content of many foods. The applications for the technology could be vast: Consumer Physics says that once the database grows with user data, it will become possible to identify almost any substance.

The decline in investments by Israeli venture capital funds continued in the first quarter, amounting to \$106 million, the lowest quarterly share - 16% - on record, and down 25% from the preceding quarter and 33% from the corresponding quarter.

"This is the third quarter in a row that capital raising exceeded \$650 million. These are great figures that show a sustained, positive momentum for the Israeli high-tech industry," said IVC Research Center Koby Simana. "At the same time, high-tech's success is clouded by the weakness of local venture capital funds, with investments continuing to shrink from quarter to quarter." He added, "While foreign VC participation in Israel is a positive development for the high-tech industry, it is important to understand that at the core of the process lies a clear food chain. Without funds raised by local VCs, there won't be sufficient capital for early stage investments. Without early stage financing, there won't be late stage investments. Therefore, it is critical to understand that prolonged absence of Israeli VC funds threatens high-tech industry growth in the longer run."

Internet start-ups raised the most capital in the first quarter, \$260 million, or 39% of the total - the highest amount and share by the sector since 2000. Software companies were in second place.

Despite the steady drop in their share of total capital raised to 21% in the first quarter from 23% in the preceding quarter and 31% in the corresponding quarter.

Late-stage companies raised \$227 million in the first quarter, 34% of the total raised, mid-stage companies raised \$221 million, and seed-stage companies accounted for 6%.

### Interlude

Interlude is the only company on this list with the distinction of having been founded by a rock star, Israeli musician Yoni Bloch. Bloch is modest enough to point out that "Israel is a small country" and his music has not become popular elsewhere. But there's no downplaying the reach of his interactive video platform, Interlude. The platform, which makes online videos work a bit like a choose-your-own-adventure novel, started as a novel approach for making music videos. Now it has brands and advertisers excited about the possibilities for increased user engagement and retention. A number of multinationals, including Microsoft, Shell and Revlon, to name a few, are already using Interlude. The company has raised more than \$20 million from Sequoia, Intel Capital and others.

### StoreDot

StoreDot is a nanotechnology startup that is exploring applications for a substance it has discovered that it calls Nanodots. The firm, based in Ramat Gan, Israel, is currently using a \$10 million investment from Millhouse to explore two commercial applications of the material. One is a smartphone screen that doesn't use toxic minerals such as cadmium. The other (and this is the one that will have all compulsive phone users salivating) is a mobile phone battery that fully charges in a couple of minutes. No date has been set for these products to come to market, but they have the potential to become big sellers to customers including Apple and Samsung.

### Tipalti

Founded in 2010, Tipalti has become one of the leading payment service providers to companies, such as online ad networks, that make hundreds or thousands of payments a day to payees around the world. Managing these massive payments in-house could be a nightmare, but Tipalti takes care of every aspect of the transaction, including currency exchange and compliance with tax laws and other regulations.

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So far, the company has handled more than \$1 billion dollars of payments and has raised about \$3 million of funding from investors including Oren Zeev, a lead investor in Chegg and Audible.

### **Telesofia**

One of the most vexing and persistent problems of healthcare is that patients don't do what they're told. Telesofia, founded by Israeli doctors and tech innovators, seeks to change that. Its personalized instructional videos are meant to translate a doctor's or pharmacist's order into easy to digest steps that almost everyone will be able to follow. Telesofia, which has raised \$1.5 million and had a series A round open as of May, uses a bank of clips and graphics to put together customized videos, controlled by medical providers, that are targeted to specific demographics, conditions and medications. The result is instructions that include everything a patient needs to know and nothing he doesn't. The videos can be viewed on any device from a smartphone to a television.

### **Hello Doctor**

An iOS app, Hello Doctor is a simple interface that enables users to organize and annotate all of their medical records in one space. It's an elegant solution for a common problem faced by people with extensive medical histories or serious diseases. Many wind up carrying around dense, poorly organized binders and records are often lost. With Hello Doctor, users can carry all of their records in an iPad and have them ready on demand during a visit to the doctor. Founded by Maayan Cohen in Israel, the company is currently backed by a number of angels including John Malloy of BlueRun Ventures.

### **Takipi**

Debugging servers can be a tedious task for developers. Takipi's SaaS product aims to save the frustration (and hours) required to track

down bugs by using a cloud-based analytical tool to find bad code on its own. The product can also detect bugs in code before they become apparent. The company closed a \$4.5 million round with Menlo Ventures in December.

### **Everything.Me**

A new entrant in the popular category of "launcher" apps for Android, Everything.Me aims to one-up the competition with personalization. In the first days you have the app installed, it learns about which apps you use at certain times of day and in certain places. Then it starts showing those apps on the home screen when you are in the places (and at the times of day) it expects you to use them. So, when you wake up it might show you the weather app. Once you get to work, you'll see Google Drive. Out shopping, Around Me will appear. In 2011 and 2012, the Tel-Aviv-based company raised more than \$35 million from angels and VCs.

### **Mobile OCT**

Mobile OCT is a social venture that aims to bring low-cost medical diagnosis tools to the developing world. The company is founded on the insight that far more people—especially in poor countries—have access to mobile technology than to doctors. Mobile OCT plans to leverage that imbalance to use mobile devices to deliver health care. The company's first project is a mobile colposcope that attaches to a smartphone and uses the phone as the CPU. A colposcope is a device that can detect cervical cancer with specialized photographic methods. According to Mobile OCT, 250,000 women die every year of treatable cervical cancer simply because they aren't diagnosed. \$225,000. It's looking for another \$25,000 on Indiegogo.

### **SundaySky**

One of Israel's hottest startups, SundaySky doubled its staff in 2013 after tripling revenue in 2012. In October, it closed a \$20 million round led by Comcast Ventures. The impressive num-

bers are driven by SundaySky's personalized informational videos that brands can deliver to clients. SundaySky's video templates can be automatically personalized in real time based on a client's history and accounts with a brand. One application is that of a health insurance company providing a video overview of the previous billing period's activity. The videos can deliver highly targeted messages such as tips on how to spend less money, such as by switching from a particular brand name drug a client is taking to a generic alternative that has recently become available. AT&T, Orange, Office Depot and AIG are among the startup's clients.

### FundBox

As more Americans make their livings as freelancers, cash flow is a concern for more people than ever. Many freelancers' invoices take 60-90 days to be paid and they work without bank loans, which can mean financial strain even for people with high annual income. FundBox helps to smooth cash flow by loaning against outstanding invoices. If a freelancer is waiting for a \$1,500 check that will arrive in a month, FundBox might give her \$1,450 today and ask for the full amount once the payment comes in. The amounts of the cash advances are calculated automatically based on FundBox's software that analyzes risk. The company also enables SMB owners and freelancers to earn better borrowing terms the more they use the service. Investors see the value: in April FundBox closed a round worth \$17.5 million.

### Aqua Shield thwarts marine terrorism

One of the prominent events in Operation Protective Edge was the elimination of a Hamas terrorist squad sent by sea to Zikim on the Ashkelon coast in order to carry out a large-scale terrorist attack. The thwarting of the attack was

unquestionably a very great achievement in many aspects: the rapid operational response, the encounter between the IDF unit and the terrorists, and above all the early detection of the threat, which made appropriate preparation possible.

The scuba terrorists who made their way from the Gaza Strip to Israel came through an area of shallow water a few dozen meters from the coast, where swimming is possible, but the water is not deep enough for naval vessels to patrol and operate there. The advanced detection systems, however, can also cover shallow water, which makes it difficult to penetrate Israel territory from this area. This unsuccessful terrorist strike exposed the problem of the threat of marine terrorism, a threat that has already been worrying the world for several years. Israel's Aqua Shield system, which gives marine terrorists no chance, makes it a global leader in this field.

There are currently two companies in the world capable of dealing with undersea threats.



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