

# ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES  
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## Quicky Exits

The Israeli high-tech sector has been criticized for its rapid exits. Nearly every day the business pages cite how a small company has been swallowed up by a large foreign company. Studies have indicated that large companies contributed more to the GDP than small companies.

It would seem that a lack of large companies with experienced management personnel is one reason why small companies tend to sell themselves at an early stage of their development.

Another more compelling reason is the innate lack of patience to hit the jackpot.

It will be recalled how three youngsters sold their startup Mirabilis for more than \$470m. This exit certainly was an example for many young techies.

So which side is right? It seems that, to create a winning formula, the Israeli economy needs to generate more large companies, with hundreds of product developers and engineers, which will evolve into mega-exporters and fill the country's coffers with tax revenues.

But as we set out to fulfill this vision, here are a couple of things to bear in mind: First, Israel's pool of talent is finite, and large companies don't appear out of the blue. They depend on local labor and resources, which are functions of population size and investment in technology training.

A delicate balance must be maintained between the number of R&D people working in large companies and at the start-ups providing Israel with its competitive edge. Start-ups need to be carefully safeguarded: Any global high-tech company emerging here will likely come from their ranks.

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### Quicky Exit

**This issue focuses on small companies whose prospects, over the medium and longer term appear positive.**

**We begin with noting the quick exit routes taken by small companies.**

**Many of the founders of these companies choose to begin again.**

**These companies are also mentioned here.**

Also, the importance of hosting foreign corporations' operations should not be downplayed. True, Israeli companies have a greater immediate impact on the economy: Their local activities are broader and they generate more tax revenues, while some international companies only do development here. However, foreign companies keep their Israeli R&D staffs at the cutting edge of global developments and introduce sorely lacking advanced administrative and marketing capabilities into the local business environment.

Israel's high-tech exports are estimated to be worth \$18.4 billion a year, comprising more than 45 percent of the country's exports, according to Central Bureau of Statistics data.

While many people do not yet associate Israel with technology and startups, Israel has the second-largest concentration of startups per capita after Silicon Valley.

Many of the leading tech companies have established a presence in "Startup Nation" and the latest of the bunch is of course Apple with its acquisition of Anobit and a new R&D center in Haifa, Israel.

As far as the startup world is concerned, what is interesting is that you will find many Israeli entrepreneurs who are not only developing innovative and disruptive technology, but that are actually working on launching multiple startups simultaneously.

Failure in the Israeli startup scene is also handled differently than in other places. Generally speaking, Israeli entrepreneurs do not view failure as a reason to give up. On the contrary, a failed startup is the drive to think of the next big thing and push even harder than the first time.

The following are a relatively small Israeli startups operating in various spaces that are

developing interesting new technology to say the least.

Tawkon lets you know when your phone is emitting a lot of radiation

Tawkon lets you know when your phone is emitting a lot of radiation, something that might result from talking in an elevator or in another place in which the phone has to work harder to find decent reception. Under normal talking circumstances, the app will tell you that you are ok to to "Talk on", hence the name Tawkon.

While Tawkon has been around for a few years now, the company is growing nicely in the Android community and adding new phones to their list of supported devices every day. Tawkon also made headlines a few years back after Steve Jobs himself sent them an email explaining why the app was rejected from the App Store. His email read "Not interesting". A man of many words. Tawkon is available on the Android Market for free and of course, for iPhone users who jailbreak the device.

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#### **Web Edition and Archives**

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**Groupshot helps make group photos better**  
A new iPhone app that was recently featured in the App Store, Groupshot solves a real problem that you might have if you are taking group photos of kids or friends. You know the drill. You shoot a photo. Then another one. And another one. Except in the first one, everyone is smiling except one person. In the second one, someone is blinking, and in the third, someone else was looking in the wrong direction.

With Groupshot for iPhone, you can select which face you want to replace and easily choose the same face from another photo and place it into the original photo. The result is the perfect group shot with no decrease in resolution. It is actually kind of magical. The app is \$.99 in the App Store.

**Magisto is a good video editor**  
Speaking of magic, Magisto knows how to pull a rabbit out of a hat. A new iPhone app that brings the Youtube partner to the mobile phone, allows you to take the standard home video shot with the iPhone and easily transform it into a full-fledged professional-looking video production. This is an advanced cloud-based video editing that notifies you via push notifications when the video is ready and it is then stored on Magisto's servers in the cloud.

The results are fantastic and easily shared across your various social networks as well as email. Despite all its advanced features, Magisto is available for free on the App Store.

**Twtrland improves Twitter**  
This one is different than the previous startups in that it is not a mobile app but a Web-based Twitter platform. No, not another Hootsuite, Twtrland solves one of the biggest challenges of using the micro blogging service that continues to take off, namely, how to find relevant people to follow and engage with.

Twtrland enables you to search for any Twitter user, after which you are presented with a whole list of useful facts about that person's Twitter activity. What do they tweet about? How often do they tweet? How often do they reply to people? What were their most popular tweets? And the list goes on. Of course, the data is presented in a very visually stimulating fashion, something we are seeing more of from services like Pinterest. Twtrland has accumulated hundreds of thousands of Twitter users around the globe, a database the company intends on putting to good use to help users in the coming months.

**Flyscreen is a widget based RSS reader**  
An interesting Android app that has made its way over to iPhone as well, Flyscreen is a widget-based reader of RSS as well as social feeds. On Android, Flyscreen can replace your home screen enabling you get quick access to your feeds, something Windows Phone has become well known for with its live tile solution.

Obviously, the home screen replacement is not something supported in iOS so Flyscreen redesigned the app for iPhone to offer a great reading experience with various themes and other nice features. Flyscreen also recently signed an interesting deal with NTT DoCoMo to bring the Android app to millions of Japanese users.

**Outbrain helps publishers get relevant content in front of readers**  
While many of the above startups operate in either mobile or the social space, Outbrain is a good old-fashioned Web solution that facilitates more effective and relevant content discovery across the Web. Outbrain is also the biggest company on the list with its platform installed on some bigger online publications including Newsweek, USA Today, and TMZ.

The idea is actually fairly simple. As you read

Web content, Outbrain uses its advanced algorithm to suggest other content you might be interested in reading based on various parameters. The result is obvious, publishers get more traffic, readers get more content, win win.

Serendip creates personalized radio stations for users

While music apps are a dime a dozen, not many music solutions offer full social integration and global coverage. Serendip does, and then some. The founders of Serendip like to call the service “The soundtrack of Twitter” because of its deep Twitter integration.

Millions of people share music on Twitter throughout the day using sites and services such as Youtube, Soundcloud and Bandcamp, Serendip analyzes that data, creates a personal radio channel for you and allows you to follow people based on personal musical tastes. Serendip is still a closed service by invite only and if you made it this far in the post, you deserve an invite. [Click here](#) to enter the service using your personal invite.

Mobli is a photo sharing company with big name celebrities using it

While the photography-based social networking world has become quite crowded lately with players such as Instagram and some might say, even Pinterest, Mobli is another social network based on photography, but that is where the similarities end. Mobli is both a mobile app as well as a Web-based social network. As far as mobile is concerned, it is available cross-platform on iOS, Android, and BlackBerry.

Mobli has also become well-known for its celebrity participation including Lukas Haas, Paris Hilton, Tobey Maguire, J-Lo, as well as a \$4 million round led by Leonorda Dicaprio. Well, the product is nice enough, but this kind

of celebrity buzz is sure to bring users as well. PlayerDuel offers an SDK so you can play friends in different games

PlayerDuel offers an SDK so you can play friends in different games

Anyone paying attention has surely noticed the explosion in mobile gaming. What is sorely lacking from the hundreds of thousands of mobile games out there is the ability to compete against friends within your favorite games. Playerduel offers an SDK to developers that enables them to simply add a competition layer into the standard mobile game.

In addition to the SDK, users can download many games that already integrated PlayerDuel and test it out for themselves. The problem PlayerDuel solves for developers is actually two-fold. While statistics have proven that users download apps and rarely use them in most cases, a competitive layer is sure to change that. More engagement within an app is also sure to increase the revenue the app generates for the developer. Users can download the PlayerDuel app to see all the games currently using the SDK [here](#).

Loudlee is Pinterest for music

Last but far from least, Loudlee, a recently launched music service is, what many have called it, Pinterest for music. Log in to Loudlee and you will see for yourself. Its big advantage is the beautiful UI and the ability to use the service globally unlike Spotify and other music solutions.

With 50,000 artists and over 3.5M songs, Loudlee organizes the music based on albums, not songs, something some of us old-timers will appreciate. It brings us back to the days before Jobs started the iTunes music store that sells music by song and rips apart (no pun intended, or was it?) the albums artist spent time putting together. Loudlee is also by invite only at this

point and guess what? Here's yours!  
10-israeli-startups-youve-never-heard-of

The 5 fastest-growing Israeli startups  
Considering it has been dubbed the "Startup Nation," Israel is clearly an important player on the global tech stage. Not only does it have the highest density of tech startups in the world, but these startups attract more venture capital per person than any other country — 2.5 times more than the United States, 30 times Europe, 80 times India, and a whopping 300 times China.

The technology economy that has emerged in Israel is one of the most significant happenings in the world today; not only have Israelis developed crucial technologies that affect our lives daily (including VoiP technology, flash drives, and instant messaging), but Israel's tech initiatives are actually changing relations and the balance of power in the Middle East today.

Of the thousands of technology companies in the Israeli market, the following is a list of the country's fastest-growing startups (either monetarily, based on customers/users, or both) that are most likely poised to transform industries and impact the world. Here are the top five:

Waze offers free turn-by-turn GPS navigation that takes crowdsourced traffic information into account when planning your route. The app also helps you find deals on gas and locates nearby points of interest, such as restaurants and even police traps. Waze (pictured above) has already raised \$67 million in venture capital, and reports recently surfaced that Facebook was interested in collaborating with the startup or buying it outright.

Codename One gives developers a write-once, run-everywhere development platform for building native mobile apps across many mobile operating systems, from iOS to Android and

BlackBerry. Codename One is open-source and uses special lightweight technology that eliminates fragmentation and offers developers a platform for mobile application development as easy as desktop development. Codename One is helping to defragment the mobile space and has exploded in popularity, having increased its user base 50 percent in the last month alone.

Kaltura is the web's leading open source online video platform, providing over 150,000 universities, enterprises, and websites with a robust set of video software services. Kaltura allows organizations to play, share, distribute, and analyze all things video. The platform has helped businesses set up "corporate tubes" for internal communication and marketing purposes, and has enabled nearly every Ivy League university, alongside hundreds of other schools, to set up "campus tubes" for learning, collaboration, and other uses. Robust expansion and over \$40 million raised in venture capital has led to predictions that Kaltura will become one of the world's next billion-dollar tech companies.

Mobli is a visual media platform that lets you share photos and video in real-time with friends or people of shared interests. It gives users the ability to see the world — such as concerts, celebrity sightings, and news events — through any smartphone, creating a visual search engine. The company raised \$26 million in venture capital and has added millions of users over the last few months. It counts Leonardo DiCaprio and Serena Williams among its investors.

StartApp is a monetization and distribution plat-

form for Android apps. Launched in September 2011, the company acquired \$4.3 million in startup funds and just surpassed 150 million downloads in July 2012. Instead of forcing developers to charge a fee or add advertisements to their apps, StartApp generates revenue by adding a search icon to a user's home screen whenever they download an app. Whenever someone uses the search engine, both StartApp and the developer get a share of the money — a truly innovative way to monetize in the mobile apps space.

These are just a few of the Israeli companies set to significantly change the way we use technology to interact and access information. As the Startup Nation continues to experience rapid growth when it comes to acquiring venture capital and getting its companies on the map, we're sure to see even more innovation from this important player in the near future.

#### Rescuing Injured Soldiers With An Ingenious Backpack System

One of the toughest parts of war is evacuating wounded troops. While the Pentagon and NATO have been discussing the feasibility of using UAVs to fly injured troops to safety (PDF), an Israeli company is offering a new solution: high-tech plastic backpack/sling/bungee hybrids that allow troops to carry injured comrades to safety--on their backs.

Agilite Gear markets the Injured Personnel Carrier, a lightweight (0.8 lb.) high-tensile plastic cord system that straps to a wearer's back and can hypothetically hold up to 2,000 lbs. The padded cord wraps around the injured party, who is then carried around on the back of the non-injured soldier like a human backpack.

Unlike traditional war-zone rescue products, the Injured Personnel Carrier is hands-free--rescuers are able to hold weapons and other objects while returning their comrade to safety.

The heavy straps also assist in lifting the injured off the ground.

The company, which just launched the carrier on the American market, is supplying (Hebrew-language link) the United States Marine Corps and Australian Special Forces with IPCs. In addition to foreign militaries, Agilite is also targeting military contractors, search-and-rescue teams, and emergency services. The carrier's origins lie in a practice among several Israeli Defense Forces units of tying together four rifle slings to use as a backpack.

The IPC retails for \$95 in single, non-bulk purchases with free shipping to the United States. Non-military purchasers for the product have also included hikers and cruise ship emergency staff who purchased it due to the ability to use in confined spaces, according to Agilite's Elie Isaacson. Apart from the personnel carrier, most of the company's other products are vests, backpacks, and rifle slings of various sorts.

Extracting injured troops from battlezones has been a persistent problem for the Pentagon. The military and defense contractors, who are deep in the throes of drone-mania, have been flirting with the idea of replacing medevac helicopters with unmanned drones. A variety of extraction tools are currently used for on-the-ground evacuation of injured troops, but tactical stretchers--many of which have armor or medical accessories--are most frequently used overseas. For Agilite, the big challenge will be marketing an extraction method in which the injured party is not lying down. Slinging injured troops into a "human backpack" cannot work in all situations; earning viable sales will depend on convincing troops and search-and-rescue organizations that the IPC is better than a stretcher.

How Israel became India's most important partner in arms bazaar

Israelis never tire of telling the story of David Ben-Gurion's great respect for Mahatma Gandhi. The founder of Israel, Ben-Gurion's few possessions when he quit active politics and retreated into a shack in a kibbutz in his late years included a portrait of India's father of the nation which enjoyed pride of place in his small study. So deep is the connection between India and Israel, they assure you.

It's an irony then that India and Israel established diplomatic ties only as late as 1992 though the Jewish nation was founded in 1948, a year after India became independent. "But the two countries were always natural allies," says Yossi Melman, award-winning Israeli journalist. And nowhere is this "natural alliance" more evident than in defence where Israel has become India's second-largest supplier; in 2009, the West Asian nation briefly overtook Russia, India's largest and the oldest defence supplier.

For all to see, the business relationship is thriving: in the past decade alone, Israeli defence sales to India surpassed \$10 billion and the exports are expected to grow faster in the coming years.

Elbit Systems wins \$18.5m contract with Latin American air force

Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) has won an \$18.5 million contract to establish a mission training center for fighter aircraft for the air force of a Latin American country. The contract will be carried out during 2014.

The mission training center is designed to improve the operational training of pilots in various mission scenarios, in varying war zones, and in the relevant threat environment of each war zone - a cutting-edge training capability, which has not been available to air forces in

the past. It will enable the customer to operate some of the training sorties onboard the trainers instead of fighter jets, thus allowing optimal use of existing resources.

Elbit Systems said that the new contract was a milestone in its mission training activities, and followed the establishment of the mission-training center for the Ministry of Defense for F-16 and F-15 fighters.

Elbit Systems Aerospace Division's co-general manager, Yoram Shmuely said, "We are proud of the customer's decision to select our breakthrough solution, marking a significant milestone in our mission training activities. This selection attests to the trust in Elbit Systems' solutions, combining both a technological edge and the understanding of the customer's unique needs, and further strengthens our position as world leaders in the field of advanced tactical training."

Prof. Isaac Kaplan, father of laser surgery dies

A Beam of Light for the Benefit of Mankind  
Nowhere is Israeli inventiveness more apparent than in laser technology, and nowhere have lasers been researched with more intensity than at the Weitzman Institute of Science. Research aimed at utilizing solar radiation to produce laser beams has yielded the solid-state laser, developed by Professor Joseph Schwartz, of the Institute's Department of Chemical Physics, and Dr. Meyer Wechsler, a visiting scientist from El-Op Ltd., a Rehoboth-based electro-optics and engineering firm. Experimentation with the most powerful solar-pumped laser operated anywhere in the world has yielded a record 100 watts of frequency-pure infrared laser light--double the power ever previously extracted from any type of sun-powered laser. The long-term goal is to design communication and industrial devices.

Increasingly, lasers are being used in surgery, replacing the scalpel in such areas as ophthalmology, gynecology, gastroenterology, otolaryngology, neurosurgery, burn therapy, plastic and reconstructive surgery, dermatology, urology, orthopedics, thoracic surgery, and oncology. If not for the conservatism of surgeons, it is likely that the number of Israeli-produced surgical lasers would exceed the 1,600 units now in use worldwide.

The history of laser surgery begins with the pioneering work of the South African-born surgeon, Isaac Kaplan. Already well known for his great skill in reconstructive surgery when he settled in Israel, Dr. Kaplan performed hundreds of reconstructive surgical procedures on wounded Israeli soldiers. Always interested in improving surgical procedures, he obtained a carbon-dioxide laser tube from Europe in the early 1970's. Since a laser can focus exceptionally dense power and energy on a minute area, Dr. Kaplan reasoned that it could serve as a surgical device for cutting and removing body tissue by vaporization. He sought the assistance of Uzi Sharon, an Israeli engineer, in making lasers both mechanically functional and easy to use. In a burst of creative energy, Sharon created a prototype in just over a month. Dr. Kaplan subsequently became world famous for his success in using lasers in surgery, and he is justly known as "the father of laser surgery."

Each year, more surgeons are switching to this method because of its bloodless, nontraumatic features. The laser allows treatment of microscopic amounts of tissue, with negligible effects on surrounding healthy tissue. Its cauterizing effect on the treatment site also reduces trauma and speeds healing, reduces patient discomfort, and minimizes scar tissue. Hospitals tend to favor laser surgery because patients can return home sooner, reducing bed occupancy. Lasers are also being used for other therapeutic and for diagnostic applications.

Laser Industries, an Israeli company, is the

world's leading producer of a broad range of carbon dioxide surgical lasers. Others involved in medical lasers include the Eisenberg Group, which has established a research laboratory for laser applications in cardiology. Established in Chaim Sheba Medical Center in 1986 to develop and evaluate techniques for the treatment of heart disease, the research focuses on experiments which, if successful, could have a major commercial potential. Currently under investigation is an evaluation of various laser systems and accessories for use in diagnosis and treatment of disease and damage, such as a surgical tool to scrape blocked blood vessels. A possible spin-off of this research is aimed at the application of fiber optics in combination with medical lasers in dealing with heart disease.

Israel saw a giant leap in the number of new start-ups in the second quarter, with 199 new companies founded as entrepreneurs seized new opportunities in the Internet, according to a report released this week by Israel Advanced Technology Industries. The new figures mark a 75% increase from the combined number of the previous two quarters, when just 114 start-ups were formed, said the IATI, the trade association for the local high-tech industry. "The increase in the number of new start-ups created was due to the sharp growth in the number of new Internet companies," said the authors of the report, who are members.

eyeSight announces world's first Android set top box with gesture control

The nTobeBox turns any television into a gesture-enabled 'Smart TV'

Leading gesture recognition company eyeSight Mobile Technologies has partnered with Korean specialist smart set-top box (STB) company Innodigital ([www.innodigital.net](http://www.innodigital.net)) to release the world's first Android smart set-top box with integrated gesture recognition technology. Innodigital has selected the world's most powerful and intuitive-to-use gesture control to provide the



compelling user experience at the heart of its nTobeBox product.

The nTobeBox from Innodigital revolutionises the living room by transforming any normal television into a SmartTV that can be used to watch TV, stream content, download and use apps, make video calls, surf the internet and more.

eyeSight's leading gesture control technology allows users comprehensive control over every aspect of Innodigital's set-top box. Using a combination of simple hand gestures and hand tracking enabling virtual mouse control, users can easily perform any function that can be accessed using the device's remote control.

The experience is so intuitive and seamless as to be almost invisible to the user, and eyeSight predicts many users will simply find gesture control to be the easiest, most natural way to use their Innodigital box.

"We're really happy to be working in co-operation with Innodigital to produce something remarkable; the world's first STB with integrated gesture control," said Gideon Shmuel, CEO of eyeSight. "The groundbreaking user experience we've brought to this Innodigital product will help it stand head-and-shoulders above its competition: eyeSight's advanced machine vision algorithms allow for natural, intuitive gestures, making our technology the number one choice for OEMs looking to provide their customers with a user experience which is a true enhancement compared to the current interaction methods."

I.K Kim, CEO at Innodigital added: "We have taken our product to the next level by incorporating eyeSight's incredible technology, to become the developers of the world's first Android-based set-top box with gesture recognition. We chose eyeSight's software-based solution not only because of the fantastic user experience

but also for the simplicity of integration and flexibility it allowed. Now users can do anything our product offers simply by moving their hand. This kind of interaction represents a sea-change in people's relationship with smart TVs."

The nTobeBox product with eyeSight's gesture recognition technology will be internationally available on the beginning of next year. The set top box will be running on the newest version of Android's Ice Cream Sandwich OS and includes a full web browser, app store, Skype video call technology, embedded Wi-Fi, full support for 1080p HD and a QWERTY remote control.

Innodigital is also looking at working with TV providers across the globe to release the box as part of a digital television package for consumers, and encourages television network operators to contact the company to discuss terms and receive a free sample-product.

eyeSight has recently gone from strength to strength as one of the leading providers of 2D gesture control. Its gesture technology has received excellent market traction, featuring in several high-profile devices including the Pantech VEGA LTE mobile phone. The company has been featured as one of Gartner's "Cool Vendors" of 2012, and has recently received another significant round of funding from international investors.

#### The Rise of Israeli Fish Farming

At a time when ocean fish populations are threatened worldwide, Israeli fish farmers are developing innovative new technologies and breeding methods that are revolutionizing their industry.

Faced with managing scarce water resources in a desert ecosystem, the Israeli government has supported the solutions of kibbutzim—and more recently, those of "Dagim," the Fish Breeders Association—to promote healthy, environ-

mentally sound, and profitable fish cultivation. Today, a close look at the country's thriving fisheries and available ponds reveals a rich history and a rapidly evolving, yet pragmatic business. The result has been new patents, improved fish quality, increased trade, and, perhaps most importantly, a comprehensive mapping of Israel's water use and untapped reservoirs.

Aqua-culturist Yankele Peretz says that the country's demand for specific freshwater fish species, mainly carp, began "in the wake of the first aliyahs to Israel." In the late 1930s, Eastern European Jews brought specimens of their favorite fish to Israel and began experimenting with fishponds. Ponds built in 1939 at Kibbutz Nir David, Ma'ayan Affek, and Kibbutz Bet HaArava, where the Jordan River flows into the Dead Sea, yielded early successes. The settlers quickly learned how to enable and control fish reproduction.

After Israel achieved independence in 1948, more kibbutzim began to experiment with fish farming.

"Hydro-geological surveys, initiated soon after independence, revealed that the Negev and its eastern part, the Arava valley, possess tremendous amounts of saline underground and geothermal waters," notes Shmuel Rothbard in his recent study, titled "Tilapia Culture in the Negev."

Eager to expand settlement in southern Israel—an area previously deemed uninhabitable by the pre-state Turkish and the British Mandate governments—Israelis worked vigorously to establish methods to extract brackish water from deep underground, and they began implementing state-of-the-art water recycling systems. Their goal was to combine aquaculture and agriculture, and to maximize efficient water use, thereby reclaiming land from the desert.

Today, thanks to past efforts, "more than 10 super-intensive fish farms have been constructed in various parts of the Negev," Rothbard writes.

"Geothermal water is passing through fish culture raceways, and is being used for irrigation of crops," he writes.

Ponds are now spread throughout Israel and new fish species are being introduced. Israel farms carp, tilapia, grass carp, flathead mullet, striped bass, silver carp and rainbow trout, as well as many species of ornamental fish. In some places, however, fish farming has proven unsustainable.

"Many fisheries were abandoned in the Galilee, when water prices increased," Fish Breeders Association Secretary Yossi Yaish tells JNS.org, recounting an early water management mistake. "The Galilee contained good potable drinking water, and it didn't make sense to use this resource for fish farming."

The key to success for Israel's fish farming industry lies in knowing where and when water resources are most abundant and determining ways to optimize the use of every drop. Israel's most important technological advance in this field has been, therefore, the realization that it could conduct fish breeding in the nation's strategic water reserves.

"Because of the water shortage," Yaish explains, "many water reserves are built to collect water in the winter and are used to water the agricultural fields in the summer. The fish farmers were smart to use these reserves for fish breeding." The collected water provides the perfect environment to breed fish, and farmers capitalize on the opportunity to synchronize agriculture and aquaculture.

When asked whether this dual-use strategy

poses any environmental risks, Yaish is confident that fish farming does not pollute or endanger ecosystems. In fact, he notes, “protecting the environment is a basic condition for the progression of fish farming.” The industry has driven implementation of intensive water treatment facilities across Israel and has encouraged water conservation.

Likewise, the focus on fish quality has helped Israel reverse the effects of past pollution on native fresh water species. “Israel was the first to cultivate wild tilapia from the Jordan River and Galilee,” Yaish says. “The fish only get better in terms of their disease resistance and growth rate.”

Israelis are cashing in on a precise method for producing quality fish with limited negative environmental impact. The industry has grown dramatically, now producing around 20,000 tons of fish annually. With the market value of fish currently standing around \$3.5/kg, this translates to a gross income for the farmers of about \$70 million. Moving forward, Yaish underlines the priority of increasing production and marketing for tilapia. To be profitable, Israeli fish production must yield at least 10,000 tons annually; presently the country produces 8,000 tons. Israeli fish farmers hope to soon raise fish exports to Europe, expand the range of industrial fish products, and even encourage fish farm tourism, an unexpected bonus of a growing interest in Israel’s innovative fisheries.

Meanwhile, the Fish Breeders Association provides a supportive network to all aquaculture enthusiasts in Israel. The group works directly with the ministry of agriculture to help provide education and enable cooperation between independent farms and kibbutzim.

“Fisheries do not receive the same support as other crops and produce,” Peretz says, explaining the government’s laissez faire relationship

with fisheries. “Prices are not regulated as in the case of eggs, poultry, and meat.”

On the other hand, significant “support is expressed through training incentives, investment in research and insurance against damages caused by nature,” says Yaish. An existing Israeli law encourages investment in local agriculture, and the government supports priority investment grants of up to 24 percent, in addition to providing import-tax protection.

A recent UN report indicates that demand for ocean and/or farmed fish has reached an unprecedented high. The global population now consumes 17kg of fish per person annually. With ocean stores ever declining, fisheries around the world are adapting their cultivation methods in an effort to meet demand. While Yaish maintains it is difficult to predict how the industry will eventually shift from ocean fishing to fish farming, the global trend is clear.

Peretz points to China as the world leader in developing productive farms, acknowledging that the country combines “innovative research with tradition and discipline.” Israel, however, is emerging as a clear competitor, demonstrating that efficient farming can be achieved even in an arid environment.

S&P affirms Israel’s rating

International credit rating agency Standard and Poor’s has affirmed its foreign currency sovereign credit ratings on Israel at A+/A-1, and its local currency ratings at AA-/A-1+, with a stable outlook.

In its announcement, S&P said, “The Israeli economy continues to generate solid economic growth and enjoy a net external asset position, even though the current account has temporarily turned negative. The stable outlook reflects our view that there is sufficient political will to prevent a sizable increase in the government’s

debt burden, and that major security risks will be contained.”

S&P noted that “there has been fiscal slippage on account of lower government revenues,” but added, “recent austerity measures and current growth levels should ensure that debt ratios modestly improve in the medium term.”

Referring to the most important economic development in Israel in recent times, the discovery of large offshore gas reserves, S&P said, “We forecast that by the middle of the decade domestic natural gas production should contribute to improved external and fiscal balances.”

Minister of Finance Yuval Steinitz said that the affirmation of S&P’s rating was evidence of the stability of the Israeli economy in the face of the international economic crisis.

In a review of the Israeli economy published on Thursday, HSBC forecast a fiscal deficit of 4.1% of GDP in 2012, compared with 3.3% in 2011, and that the Bank of Israel would cut its key interest rate by 0.25% by the end of this year or in early 2013. HSBC sees growth of 2.9% in Israel in 2012, falling to 2.6% in 2013, unemployment rising to 7.8% in 2013, and a shekel-dollar exchange rate of NIS 3.65/\$ by the end of 2013.

E-commerce co FiftyOne mulls Wall Street IPO

FiftyOne, which provides a payments and logistics products for US fashion retailers, is considering an offering at a valuation of \$700-800 million.

FiftyOne Inc., which provides a package of payments and logistics products for US lifestyle and fashion retailers to facilitate global online sales, recently met with a Wall Street investment banker about an IPO at a company value

of \$700-800 million.

FiftyOne CEO Michael DeSimone told “Globes”, “We’re examining the possibility of an IPO. We’ve been meeting with bankers for a long time although not about an IPO.”

FiftyOne was founded by serial entrepreneur Yuval Tal as an online foreign exchange company, E4X, in 1999, before switching to its current name and business in 2007. It is headquartered in New York City and has a R&D and back office center in Tel Aviv.

FiftyOne’s turning up on Wall Street’s doorstep is surprising, given its business, in a field with many failures. The 2008 crisis hit the US economy hard. Banks collapsed, companies had to deal with plummeting sales, and people faced personal bankruptcy, as the financial tsunami threatened to wipe out whatever stood in its path. The crisis also created opportunities, one of which was seized by FiftyOne.

In late 2008, US retailers, worried about the domestic economy and falling sales, sought new sources of revenue. FiftyOne entered the picture with a platform that facilitated global sales by US retailers, while maintaining the US shopping experience. The company adapts retailers’ websites to domestic markets in other countries, providing payments processing, cost calculations, fraud prevention, and shipments services, and a global returns management center.

“The US economic crash without question played in our favor,” stated DeSimone, during a visit to the company’s R&D center in Tel Aviv. “Retailers began to see that they could find growth outside the American market and reach customers that were previously beyond their reach. That drew them to us.”

FiftyOne has since become well-known among

US department stores and major retailers. Its customers include some of the most respected names in the industry, including Macy's, Saks Fifth Avenue, Sears Roebuck, Bloomingdale's, GAP, Williams Sonoma, DKNY, and 120 other US brands, which now sell products in more than 100 countries and 40 currencies.

In 2009, a year after the platform's launch, it had \$25 million in turnover, and the figure is expected to be many times higher in 2012. FiftyOne's revenue comes from its commission on international sales, and is expected to reach \$70 million this year, 75% more than in 2011.

**Teva buys Huntington disease treatment for \$26m**

Teva said that previous trials of Huntexil showed significant symptomatic relief for patients with Huntington disease.

Teva Pharmaceutical Industries Ltd. (Nasdaq: TEVA; TASE: TEVA) announced that it has concluded an agreement with Denmark's NeuroSearch A/S (OMX: NEUR) to acquire all rights, assets and obligations relating to Huntexil (pridopidine / ACR16), a drug candidate being developed for the symptomatic treatment of hand movement, balance and gait disturbances in Huntington disease. Under the agreement, Teva will pay NeuroSearch \$26 million over a period of at least six months. Teva added that regulatory and commercialization milestone payments may result in additional funding for NeuroSearch.

**Three Israeli universities among world's top 200**

Hebrew University of Jerusalem, TA Universit, Technion ranked in 'Times Higher Education' top 200 world universities.

Three Israeli universities are among the 200 world leading academic institutions according

to Times Higher Education's (THE) 2012-2013 ranking released on Thursday.

The Hebrew University of Jerusalem was ranked 137, dropping from last year's 121st place. Tel Aviv University, however, reached number 158, an improvement from its 2011-2012 ranking at 166th; and the Technion- Israel Institute of Technology, which did not rank last year, entered the list at No. 193.

THE's rankings, published in the UK, consider 13 different performance indicators which are categorized into five groups: teaching, research, citations, industry income and international outlook.

Amos Levav, the Technion's spokesman, said while the university appreciates entering the echelon, it prefers to be measured in terms of science and technology-related factors.

"Since the Technion is first and foremost a science institute, we pay closer attention to Shanghai University's [Academic Rankings of World Universities] that takes in consideration factors like science, research, and academic performance," he said. In Shanghai's Academic Ranking of World Universities, the Technion comes 78th in the top 500, occupying the 18th place in computer science and 29th in chemistry.

"The Hebrew University is proud to be a leading research institution in Israel, as established in the QS ranking for 2012," Tamar Rabinowitz, spokeswoman for The Hebrew University, told The Jerusalem Post in a written statement. She addressed the descent in the rankings by emphasizing: "This year the university is ranked among the top 100 according to what we consider the most important index, [the Academic Rankings of World Universities] which examines the number of citations our faculty received, which suggests their international

recognition.”

**Elbit Systems to Deliver a New Configuration of the ATMOS SP GUN for a Customer in East Asia**

Elbit Systems Ltd. reported today that it was awarded two contracts from a Far Eastern country to supply self-propelled artillery systems and communications equipment with a total value of approximately \$50 million.

Under the first contract, Elbit Systems will supply the country’s Artillery Corps the ATMOS autonomous artillery system, for approximately \$30 million. The artillery units will be delivered within three years. The system, mounted on various wheeled platforms, enhances mission flexibility, reaction speed and survivability of both the crew and the system. Elbit unveiled a new configuration of the ATMOS, utilizing a redesigned cabin and recessed, low profile carriage for the howitzer.

Under the second contract Elbit Systems will supply the country’s Armed Forces with personal radio systems, for approximately \$20 million, which will be supplied within a year. Based on the content of this article, you might be interested in the following posts:

**Israeli Navy Selects Elta’s Radar**  
Israel Aerospace Industries (IAI) has won a contract for installing ALPHA (Advanced Light Phased Array) radars. The radar is an integral part of the electronic warfare systems installed onboard the Israeli Navy’s Sa’ar 5 missile boats.

The ALPHA radar, produced by Elta Systems and also known as ELM-2258, integrates

advanced technology and can create a large number of strobes simultaneously scanning selected areas, and provides clients with a high quality real-time situation image, even in the harsh conditions prevalent in the maritime arena. The radar can carry out several missions concurrently, such as the detection and classification of naval targets, tracking a large number of targets, weaponry guidance for defense and offense and more.

Thanks to its size, the system can be installed onboard corvettes, missile boats and medium-sized reconnaissance vessels. The ALPHA radar is derived from the MF STAR (Multi Function Surveillance and Threat Alert Radar) which is operational in the Israeli Navy’s vessels, as well as in additional global navies.

Nissim Hadas, IAI VP and Elta CEO, stated that “the Israeli Navy’s selection of Elta’s ALPHA radar constitutes further recognition in the capabilities of IAI/Elta to supply the IDF with systems that are preferable to similar systems around



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