

ISRAEL HIGH-TECH & INVESTMENT REPORT

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JOSEPH MORGENSTERN, PUBLISHER-
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Investing Overseas

Until this past year the Israeli-Chinese connection was non-existent. The first major move by China was not in the High-Tech field but an investment in one of Israel's major dairy companies. This was followed by a Chinese venture capital company that assumed a position in the local economy.

This activity has a reciprocal effect, as it has opened the doors for Israeli businessmen and entrepreneurs, who formerly have had no ties with the Chinese.

Carmel Ventures said it raised \$194 million for its Carmel Ventures IV fund, with participation from new strategic investors in Asia, which include Chinese Internet search engine Baidu.

China's role in Israel has been growing fast as it offers a large market and a source of funding at a time of growing calls, especially in Europe, for a boycott of Israel over its failure to make peace with the Palestinians.

We believe that this trend will continue and we will hear of increased rate of activity.

ADAMA Agricultural Solutions is to gain a major foothold in the Chinese market.

Agrochemicals company Adama Agricultural Solutions Ltd. (formerly Makhteshim Agan Industries) is acquiring Chinese businesses for

\$300 million and assuming a further \$323 million in debt. In a party at interest deal, China National Agrochemical Corporation (CNAC), a strategic business unit of China National Chemical Corporation (ChemChina) and Adama's parent company, will sell the companies, which 2013 sales of a \$850m.

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Investing overseas

Israeli Wall Street IPOs surpass \$3.5b in 2014

Pulse Secure buys MobileSpaces for \$100m.

Matomy raises \$70m in London IPO

Israel tech firms raise \$930m. in Q2 from venture capital

Protecting helicopters

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IAI successfully tests Barak-8 system

Yahoo buys Israeli streaming startup RayV

Adama files for \$300m New York offering

Once finalized, the acquisition is expected to raise ADAMA's revenue to close to \$4 billion annually and give the company a major foothold in the Chinese market. Adama expects to close the transaction during the first half of 2015.

Adama Chairman Yang Xingqiang said, "We believe there is remarkable potential emanating from the combination between Adama and the Chinese businesses it is acquiring. These businesses are key players in the Chinese agrochemical industry and we believe they will provide Adama with a significant foundation for a leading commercial and operational platform in China."

Adama President and CEO Chen Lichtenstein said, "This is the most significant milestone in the evolution of Adama's six-decade history and in our partnership with ChemChina. The signing of the agreement with CNAC is a first step towards the creation of the only truly integrated China-Global player in the crop protection industry."

Through the acquisition, Adama will acquire 100% of each of Jiangsu Anpon, Jiangsu Maidao, Jiangsu Huaihe (collectively called the Huai'an Hub) and Jingzhou Sanonda Holdings (Sanonda Holdings), for a cash consideration of approximately \$323m, together with assumed net debt of approximately \$300m.

The Huai'an Hub is based in the vicinity of Huai'an City in Jiangsu Province, the heart of the agrochemical industry in China. Sanonda Holdings owns a 20% stake in Hubei Sanonda Ltd. (Sanonda) a company publicly traded on the Shenzhen Stock Exchange and its acquisition by Adama will increase Adama's existing stake in Sanonda from 11% to 31%, with Adama thereby becoming the single largest shareholder in the company.

Israeli Wall Street IPOs surpass \$3.5b in 2014

2014 is shaping up to be a record year for the raising of capital.

The successful IPO of CyberArk Software Ltd. (Nasdaq:CYBR) and the subsequent impressive rally in the share price, follows a series of IPOs by Israeli high-tech companies, which exploited this year's window of opportunity in London and New York's primary market. So far in 2014, Israeli companies have raised \$3.5 billion on the US capital market. Looking ahead 2014 is shaping up to be a record year for the raising of capital.

A deeper examination shows that that the offerings are shared by veteran and mature companies with substantial sales, like Varonis Systems Inc. (Nasdaq: VRNS), Mobileye (NYSE: MBLY), Borderfree Inc. (Nasdaq: BRDR) and CyberArk. Also biotech companies such as BioBlast Pharma Ltd. (Nasdaq:ORPN) and MacroCure Ltd. (Nasdaq:MCUR), which mainly raised

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capital in order to finance their drug development and testing programs. In either case, the capital raised will enable these companies to try and realize their potential and serve as a safety cushion to overcome obstacles and dry periods that will come in the primary market.

The high-tech companies' private placement front from funds, investment companies and angel investors also boomed, comparable to the records posted in 2000.

The rate of founding of new start-ups has been stable. The number of visiting foreign delegations, which slowed during Operation Protective Edge, quickly picked up to its normal level, demonstrating the high interest in Israeli innovation. The innovation and sale of high-tech companies is based on a uniquely supportive environment of academe, military units, the Office of the Chief Scientist, foreign corporations' development centers, services providers and more. This unique environment, the ecosystem, in which High-Tech companies grow and operate, exists in only a few places in the world.

As a venture capitalist, I have seen the reduction in services providers over the years, including accounting and law firms, which focus on high tech. These firms learned the unique needs of their High-Tech clients and developed suitable programs that were specially priced to the payment capabilities of these clients at the different stages of their business. The foundation of this policy was a differentiated and focused service provided by an "expert service provider", who spoke the language of High-Tech, "while foregoing small immediate profits in favor of the chance of large future profits."

It seems that the banking system, which always served High-Tech companies, has lagged behind and has not made the necessary adjustments.

In the past year, the banks have changed direction to reach the companies' level. In the past few years, Bank Hapoalim (TASE: POLI) has been applying a strategy to deepen activity in High-Tech through its fintech initiative to foster financial technology companies and partnerships with the Microsoft Corporation (Nasdaq: MSFT) accelerator.

Bank Hapoalim is now expanding its services for high-tech customers with special tools customized to their needs. These changes will improve these companies' work, enabling to focus more on their development and marketing challenges.

The foreseeable future, shows promise with pending IPOs, acquisitions, and investments in the fourth quarter of the year. These will boost the companies' capital and facilitate fundraising by investment institutions, which are showing better returns than last year, enabling them to continue expanding the industry over the coming year

Pulse Secure acquires MobileSpaces for \$100m.

MobileSpaces BYOD solution makes it possible to separate personal and organizational information.

Israeli cyber security company MobileSpaces has been acquired by California-based company Pulse Secure for an estimated \$100 million. MobileSpaces, which was founded as CellSec in 2011, has raised \$12 million in two financing rounds. The big beneficiary is Accel Partners, which invested in the company in both rounds, and the Marker LLC fund is another. MobileSpaces currently has 20 employees in Petah Tikva and Silver Spring in the US, who are expected to join Pulse Secure.

MobileSpaces is developing a solution to help organizations deal with employees who bring a laptop computer, smartphone or tablet from home, a category referred to as BYOD (bring your own device). The solution enables organizations to guard sensitive information kept on the employees mobile devices. The growing use of smartphones and tablets is liable to cause significant leaks of information from the mobile devices, with the organization having no chance to close the breach.

MobileSpaces' solution, which can be run on any mobile device, makes it possible to separate personal and organizational information. In this situation, an employee who wants access to the organization's information will have to work through a defensive wall protected by a password. The company was founded by CEO David Goldschlag, formerly VP of Mobile at global security company McAfee and CTO Yoav Weiss, one of the first employees at Israeli security firm Check Point Software Technologies Ltd. (Nasdaq: CHKP). The company's solution can be run on devices based on either Google's Android operating system or Apple's iOS operating system.

The acquisition of MobileSpaces is Pulse Secure's first significant acquisition in the mobile devices market. MobileSpaces' technology will be combined with the Pulse Secure's existing products and will help the latter create a uniform user experience on both PCs and mobile devices.

Pulse Secure CEO Andrew Monshaw said, "Security is the No. 1 issue for IT organizations, but it's also the No. 1 reason many BYOD programs fail if not done right. So, if we're going to live in a world where employees want to use their own personal devices for work, it's extremely important to get the necessary security policies enacted in a simple, easy-to-use

and robust way for both the end user and IT admin."

Monshaw added, "Many times, enterprises focus on the device exclusively, as opposed to also considering data in motion, like secure access to data. Additionally, they fail to consider the compliance aspects, as in who is accessing what with which device." He continued, "Lastly, we've seen many enterprises try to protect apps with container solutions that alter the user experience and require the use of SDKs or app wrapping to secure business applications. We're creating a secure environment on devices that ensures a native user experience for both work and life. For the enterprise, this is an important part of creating a work environment that is conducive to talent retention."

"MobileSpaces pioneered a unique virtualization technology that allows enterprises to create a seamless and secure BYOD strategy for the end user, meaning enterprises can connect the native business apps they need seamlessly to campus, data center and cloud applications and services," Monshaw explained.

Goldschlag said, "Enterprise mobility is key to business today but faces new challenges of connectivity, scale and application support. With the acquisition of MobileSpaces, Pulse Secure is helping enterprises rethink mobility to deliver unmatched power to their business in a way that is simple and secure for IT while also being natural for users."

Matomy raises \$70m in London IPO

Tel Aviv-based Matomy, founded in 2006 by ad executive and Chairman Ilan Shiloah, completed its IPO on the London Stock Exchange when it raised \$70.1 million at a share price of £2.27, the same amount that Publicis paid in the deal. Matomy's IPO was no simple matter. It had ini-

tially been planned for April at a company value of \$500 million and included an offer to sale shares by its owners. But “due to market conditions,” the IPO was postponed by three months and its company value was cut to \$347 million.

Matomy provides a digital network that mediates between advertisers and those with ad space to sell.

Shiloah said, “Our vision is to build the best performance-based media company in the world and with Publicis Groupe becoming our largest shareholder, we will be able to create a more mature and sustainable ecosystem, providing marketers with an unprecedented ability to accurately engage, acquire and retain customers.”

As part of the sale, Shiloah will reduce his stake in the company from 24.38% to 15.44%. But Shiloah added that Matomy is in no need of cash and that only existing shares have been sold with no new shares being issued.

Publicis has 45 days to take up its option to buy 4.9% more.

Publicis CEO Maurice Levy said, “Tel Aviv is second only to the Silicon Valley in technological innovation and patents. Matomy is fueled by the innovators and technology experts of Israel and has quickly risen to the top of this important market by creating a world-leading, state-of-the-art platform.”

Israel tech firms raise \$930 mln in Q2 from venture capital

Israeli private high-tech firms raised \$930 million in venture capital in the second quarter, the highest quarterly amount since 2000. This is up 38 percent from the amount raised in the first quarter and 109 percent above the year-ago quarter, IVC, in cooperation with the Israeli office of consultancy KPMG, said in a report.

The quarterly figure included a \$135 million investment in Landa Digital Printing by German specialty chemicals group Altana.

In the first half of 2014, 335 Israeli high-tech companies raised \$1.6 billion, an increase of 81 percent from a year earlier, making it the strongest capital raising period on record for Israel’s high-tech industry.

“Mature, revenue growth companies are continuing to raise significant capital,” said Ofer Sela, a partner at KPMG’s technology group. “While in the past, venture capital funds saw the mergers and acquisitions route as providing the best opportunity for revenue growth company exits, potential Nasdaq IPOs are now a major driver of VC investment.”

Israeli high-tech companies are key drivers of the economy, helping to spur growth of 3.3 percent in 2013. High-tech firms raised \$2.3 billion in 2013, the highest amount in a decade.

Israeli VC fund investments amounted to \$153 million in the second quarter, up 40 percent from a year earlier, IVC said.

“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,” said Koby Simana, chief executive of the IVC Research Center.

In the second quarter, the life sciences sector attracted the largest share of funds at 27 percent.

Protecting helicopters

An Israeli startup is developing a robotic weapons system designed to protect a helicopter when it is at its most vulnerable - flying over hostile terrain on a search and rescue mission, such as retrieving wounded from the battlefield.

Currently, most rescue helicopters are equipped with a manual gun operated by a soldier, which provides inadequate suppression fire when attempting to search, land and quickly take-off in the midst of battle, says Sagiv Aharon, CEO of Duke Airborne Systems.

His company's solution is to provide autonomous suppression fire over a panoramic targeting zone for search and rescue helicopters.

"There are helicopters like the Apache and other attack helicopters that their aim is an attack but I'm talking about protecting the aircraft," Aharon says. "You need to know where the target is and fire back as quickly as possible. And that is this unique solution that we give for search and rescue helicopters."

The Duke Airborne solution is a state-of-the-art robotic system with maximized stability and accuracy, as well as an array of sensors to accurately pinpoint potential threats.

The system is also designed to operate on other platforms, including airborne drones and ground and marine vehicles.

Lingua.ly, the startup that helps you learn languages

Through a personalized dictionary and reading choices for your level, this Israeli startup can help you learn, including by phone.

Want to master Mandarin? Or declare your love in French? Lingua.ly may be the startup for you, with its cross-platform program for language learning.

Provided you have certain basics - knowing about 100 words and rudiments of sentence

structure is enough, the company says - all you do to start is download the app, mark the language you want to learn and start to read online.

The company's free app enables you to mark words you don't understand while surfing. It then translates them and builds a personalized dictionary for you. You can practice them with a flash-card memory game based on your dictionary and the app will even assess your skill level and find other Web pages with the same words, for you to see more applications of the words you're learning.

Confounded as to pronunciation? You can click on words and hear them said aloud.

Lingua.ly exists as a website and smartphone app, so it can accompany you along your digital day.

Founder Orly Fuhrman had studied how people learn language in university. Frontal lessons may have been the norm for centuries, but the world has changed, she says. Now, in the digital world, the study of language can be personalized through the creation of a personal "smart dictionary" through Lingua.ly.

This is a mechanism to expand vocabulary, not teach grammar, but one can learn syntax and the like on the go, just like children learning to speak do. "We keep track of what you need to learn at any given moment (say, the verb 'to like') and expose you to as many natural examples of it, until you understand!" the company explains on its website.

Lingua.ly supports more than 18 dictionary languages and can suggest reading material in six: English, French, Russian, Spanish, Hebrew and Arabic, says Fuhrman. Right now all features are free, but in the future it plans to

introduce premium features as well.

Fuhrman, who holds a doctorate in cognitive psychology from Stanford University, founded the company with Germany-born Jan Ihmels, who holds a Masters in theoretical physics from Cambridge and a doctorate cum laude in computational biology from the Weizmann Institute.

Their company won the Challenge Cup competition in Washington this May, in the category of education (international companies). It has nine employees and has raised \$800,000 so far from private investors.

Imperus of Canada acquires Israeli gaming firm Diwip for up to \$100m.

Diwip, a Tel-Aviv based social gaming company, has been acquired by a Toronto-area company, Imperus Technologies, in a share purchase agreement, it was announced last week. The purchase price for the Israeli firm could go as high as \$100 million, but the transaction is subject to a number of conditions.

Diwip's products include Best Casino, which the Venture Beat website noted is among the higher-grossing games on mobile devices and on Facebook. Diwip also operates the Slots Club gaming brand.

"Imperus likely found Diwip particularly appealing due to its recent growth," Venture Beat surmised. "The developer went from revenues of \$7.8 million in 2011 to \$28.3 million in 2013. Diwip also claims to have 24 million registered customers across its numerous games."

In a statement, Imperus said it would be paying \$50 million for Diwip (\$10 million of which will be in the form of Imperus stock). An additional sum of up to \$50 million over two years will be paid

in cash and stock if certain financial milestones are met. Imperus said it would be retaining Diwip's senior management and at least 50 of its employees.

Diwip was founded in 2010 by Ehud Kantzucker and Yaniv Gamzo. Kantzucker serves as the firm's chief product officer while Gamzo is its chief technical officer. They share the position of CEO and each owns a 50% stake in the company. For the year ending December 31, 2013, Diwip had net profits of \$12.9 million.

Imperus recently changed its name from ISIS Labs, apparently after the rise to public prominence of the militant group the Islamic State of Iraq and Syria, which is commonly referred to by the same initials. Imperus specializes in the convergence of social networking, mobile gaming and real money gaming, and is the developer of Casina, a social gaming software platform.

BIRD - Israel - U.S. Binational Industrial R&D Foundation to invest \$9m. in 11 new projects

The approved projects involve innovations in the areas of 3D Printing, Agro-technology, Information Security, Homeland Security and others

During its meeting on June 26, 2014, held in Washington D.C., the Board of Governors of the Israel-U.S. Binational Industrial Research and Development (BIRD) Foundation, approved \$8.9 million in funding for eleven new projects between Israeli and American companies. In addition to the grants from BIRD, the projects will access private sector funding, boosting the total value of all projects to approximately \$25 million.

The BIRD Foundation promotes collaboration between Israeli and American companies in various technological fields for the purpose of joint product development. In addition to pro-

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viding conditional grants of up to \$1 million for approved projects, the Foundation assists by working with companies to identify potential strategic partners and facilitate introductions.

Projects submitted to the BIRD Foundation are thoroughly reviewed by evaluators appointed by the National Institute of Standard and Technology (NIST) and by evaluators appointed by the Chief Scientist's Office of the Israeli Ministry of Economy.

The eleven projects approved by the Board of Governors are in addition to the 889 projects which the BIRD Foundation has approved for funding during its 37 year history. To date, BIRD's total investment in these projects has been over \$308 million, helping to generate direct and indirect sales of more than \$10 billion.

The approved projects are as follows:

- ColorChip (Yokne'am, Israel) and Gigoptix (San Jose, CA) will develop next generation pluggable transceivers
- DVP Technologies (Tel Aviv, Israel) and DVTEL (Ridgefield Park, NJ) will develop video surveillance for sea and waterside applications
- Evogene (Rehovot, Israel) and Marrone Bio Innovations (Davis, CA) will develop novel agricultural insect control products from microbial sources
- Galileo Satellite Navigation Ltd. (Rishon Le Zion, Israel) and Cadence Design Systems, Inc. (San Jose, CA) will develop software GNSS implementation

Genome Compiler (Jerusalem, Israel) and Amyris (Emeryville, CA) will develop "Biofab" - synthetic biology software platform-as-a-service
iReveal Design Automation (Nazareth, Israel) and Alphabyte Technologies (Santa Clara, CA

will develop scalable end-to-end verification
Lightapp (Herzliya, Israel) and Pratt Industries (Conyers, GA) will develop resource optimization for paper manufacturing facilities

Mekorot (Tel Aviv, Israel) and ANP Technologies (Newark, DE) will develop an automated test system for detection of pesticides in waters

Stratasys (Rehovot, Israel) and Graphene Technologies (Novato, CA) will develop Graphene enhanced 3D printing materials

·TeleMessage (Petach Tikva, Israel) and Sprint (Overland Park KS) will develop secure RCS messaging

ZDF Medical (Tiberias, Israel) and Molex/ Polymicro Technologies (Downers Grove, IL) will develop technology for high energy delivery devices for medical applications

Dr. Eitan Yudilevich, Executive Director of the BIRD Foundation, said: "This is an impressive list of projects when you consider their technological innovation, diversity of applications and partnerships: among them are a project that can advance 3D printing, an application to identify infections in water, which includes an American start up and an established Israeli utility and a system to manage and optimize resources for paper manufacturing facilities."

Dr. Phillip Singerman, Associate Director for Innovation and Industry Services at the U.S. National Institute of Standards and Technology (NIST) and co-Chairman of BIRD's Board of Governors said: "Once again we had a very robust set of proposals from which we chose the 11 winning projects. The proposing US companies are from 14 States and range in size from 3 employees to 40,000. As we have seen over the past several years, increasingly small US companies are participating in the BIRD program, learning from their Israeli counterparts in a true partnership. This year 75% of the proposing US companies are under 500 employees."

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Mr. Avi Hasson, Chief Scientist at the Israel Ministry of Economy and co-Chairman of BIRD's Board of Governors said: "The United States is a leading R&D partner of Israel in the various programs of the Office of the Chief Scientist. The BIRD Foundation continues to be the central vehicle in implementing strategic cooperation between the countries in the areas of Innovation and Technology. The success of the BIRD Foundation provides a solid base for further expansion of cooperation with the United States, through Federal R&D programs and programs with various States, where the Chief Scientist has finalized agreements during the last two years."

Elbit Systems wins contracts worth \$85m in Asia

The contracts, mainly for an F-5 fighter upgrade, are with an unnamed Asian country.

Elbit Systems (ESLT) announced today that it has been awarded contracts from an Asian country in a total amount of approximately \$85 million. Most of the amount is for an F-5 aircraft avionics upgrade program and the balance is for the supply of electro-optic and communications systems. The contracts will be performed over a three-year period.

Elbit Systems wins US Army Apache helmet deal

Elbit Systems president and CEO Bezalel (Butzi) Machlis said, "Asia-Pacific is a very important market for Elbit Systems and we are pleased to be awarded further programs in the region, which programs benefit from the synergies across the various parts of our organization. We are proud to have been selected to perform this aircraft upgrade program, building on our vast know-how and experience in F-5 avionics modernization projects. We have witnessed a growing demand for upgrades of this nature,

and we trust that further customers will follow, benefiting from a mature aircraft upgraded with market leading technologies".

The F-5 is an agile, highly maneuverable fighter that has been serving customers for more than four decades, among them the US, Switzerland, Norway and Brazil. Elbit Systems has performed various F-5 upgrades in the past and has supplied mission computers, advanced glass cockpits featuring 3-color displays and operational capabilities, as well as the DASH IV Helmet, Weapon Delivery and Navigation Systems, Electronic Warfare suites, radars, flight simulators, spares and ground support equipment

Solar panels Don't Grow On Trees

An Israeli renewable energy startup has developed a "tree" bedecked with solar panels that's designed to blend into parks and other public spaces. Apart from offering shade, Sologic's eTree has a water fountain, a WiFi hotspot, a docking station to charge devices, and lights up with LEDs at night, according to the company. The metallic tree with its faux foliage was designed by artist Yoav Ben-Dov. "I wanted to integrate the idea of solar energy to the community by creating the eTree," Sologic chairman Michael Lasry told NBC News. "The tree is made of metal pipes and the leaves are solar panels." The six-year-old Israeli company got its start providing solar energy systems to homes and businesses. The first eTree is due to be unveiled at a park near the town of Zichron Ya'akov, in northern Israel.

IAI successfully tests Barak-8 system

The joint Israeli-Indian system protects both land and sea targets against a range of threats.

Israel Aerospace Industries (IAI) carried out a successful test this morning of its Barak-8 air

defense system. This is a missile system that protects both land and sea targets against a range of threats.

The system, which incorporates advanced radar, a command and control system, launchers, and missiles with advanced homing warheads, was developed by Israel Aerospace Industries in collaboration with the India's Defence Research and Development Organisation (DRDO), with the participation of the Israeli Ministry of Defense, IAI unit Elta Systems, Rafael Advanced Defense Systems Ltd., and other Israeli defense companies.

This morning's test involved all the components of the weapons system, and was deemed successful. It was carried out in the presence of Israeli and Indian researchers, representatives of the Ministry of Defense, and military representatives from both countries.

IAI CEO Joseph Weiss, who took part in the test, said, "The impressive and advanced capability that the system demonstrated in this complex test is further evidence of IAI's strength and groundbreaking abilities. The Barak-8 system is one of the company's main growth engines."

The first successful operational trial of Israel Aerospace Industries Ltd.'s (IAI) (TASE: ARSP. B1) innovative Barak-8 defense missile system is further evidence of the close defense relations between Israel and India. The Indian Ministry of Defense, through the Defense Research and Development Organization (DRDO), the Indian equivalent of the Israel Ministry of Defense's Administration for the Development of Weapons and Technological Infrastructure, is a key partner in the development and financing of the advanced missile, and the Indian Navy will be among the first to procure it. According to IAI Program Director for Air & Missile Defense Sys-

tems Boaz Levy, the missile has a sales potential in the billions of dollars in the coming years.

Beyond good deals with billions in potential revenue that are essential to IAI and other Israeli companies, the IDF is also benefitting from this cooperation: it is getting a defense system that provides a solution for difficult threats that have until now given its commanders a great many headaches. The Barak-8 is considered a versatile medium-range missile system capable of intercepting warplanes that can also be installed on missile boats, thereby providing an answer to coastal missiles threatening the natural gas platforms in the Mediterranean Sea. "This is a breakthrough defense system that answers a broad range of land and sea threats, and has demonstrated impressive capabilities," IAI CEO Joseph Weiss said yesterday following the successful trial

Development of the Barak-8 took six years, and senior IAI officials said today that the navy could make operational use of them already in 2015: "It's very possible that without Indian participation in the new missile program, Israel would have found itself with technology, but without a product. The money they put into this project was the fuel that made it possible to bring it from the drawing board to a working product,". Former IAI CEO Yitzhak Nissan was the one who persuaded the Indian authorities to sign on for the missile development program, whose success in the operational trial IAI has been celebrating for the past two days. The Indians heard about the idea, were exposed to the technical drawings, became enthusiastic, and invested over \$1.5 billion.

Yahoo buys Israeli streaming startup RayV
High-quality video platform 'perfect fit' for internet corporation's foray into on-demand enter-

tainment market

Yahoo announced that it has bought an Israel-based startup specializing in streaming high-quality video to computers and mobile devices.

Yahoo did not disclose financial terms of the deal to acquire RayV, which will become part of the California company's research and development team in Tel Aviv.

"The (RayV) team lives and breathes video, and have become industry pioneers," Yahoo said in a Tumblr post.

"This deal demonstrates our dedication to accelerating our video strategy and boosting our underlying technology infrastructure in the space."

The RayV team, meanwhile, said in a message posted on its website that it was "excited" about teaming up with Yahoo.

"Our team began the RayV journey with the goal of building a revolutionary video distribution platform that would provide a better video experience for viewers over the internet, while easing the distribution process for content creators. Over the last eight years, we have done just that," the message read.

"Our RayV adventure now comes to a pivot, and we couldn't be more excited. We believe Yahoo will be a perfect fit for our people and capabilities, as Video and Mobile offerings are a central part of Yahoo's vision. Yahoo's global scale and broad content base, combined with its amazing leadership and appetite for success, creates an ideal environment for our team to thrive and be pushed to the next level."

Yahoo is focusing on ramping up its offerings for streaming video live or on demand.

News of Yahoo's latest acquisition came on the same day that it unveiled a lineup of free streaming concerts by music stars such as Usher, Michael Franti and The Dave Matthews Band.

A Live Nation Channel on Yahoo Screen promised to serve up a new live concert daily beginning on July 15, when The Dave Matthews Band performs two sets.

"In today's on-demand entertainment environment, live experiences are the only ones that we all share together, at the same time," Yahoo chief marketing officer Kathy Savitt said in a statement.

"Together with Live Nation, we are excited to bring millions of fans together to share these moments through the new Yahoo Live experience."

A glimpse of the schedule for the first month at yahoo.com/live promised performances by John Legend, Justin Timberlake, OneRepublic, Everclear, Airborne Toxic Event and other music stars.

"This channel will create a powerful new way for artists to continue to grow their global fan base," Live Nation chief executive Michael Rapino said.

Concerts can be streamed through Yahoo Screen on a wide array of Internet-linked devices including Roku, Xbox 360 consoles, AppleTV, desktop computers and mobile devices powered by Apple or Android software, according to the Sunnyvale, California-based technology

Swiss UAV procurement program will span over five years until 2020, when the Rangers will be phased out of service.

The proposed system acquisition, designated 'ADS 15' is likely to be included in the 2015 armaments programme submitted to the approval of the Swiss parliament. The first Hermes 900 drones are expected in Switzerland by 2017. Since its introduction in 2009 the Hermes 900 UAS has won Elbit Systems eight orders – from Israel, Chile, Brazil, Mexico and Colombia.

: Israeli start-ups raising record amounts

The \$643 million raised in the first quarter was the second highest quarterly amount ever raised.

ing themselves for continued market expansion and significant acquisition and/or Nasdaq IPO," said KPMG Somekh Chaikin Technology Group partner Ofer Sela. "This is an indicator of the maturity of the Israeli technology market and signifies that Israeli VC-backed companies are market leaders, providing more than just a 'great technology solution.' These later stage rounds are being led by investors who tend not to be venture capital investors. They are bestowing significantly higher valuations and lower risk to deals, similar to the private equity industry."

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

firm.

Yahoo has been shedding its online search engine past in favor of a future as a venue for premier digital content and services, particularly aimed at smartphones and tablet computers.

It has also been investing in original programming.

The company has enlisted news, music and television stars for online magazines focused on technology, film and food.

Apax Israel raises new \$250m fund

Apax Israel CEO Zehavit Cohen has completed raising the fund, which will be used for about 10 acquisitions in Israel.

It took a little more than a year, but Apax Israel CEO Zehavit Cohen has finally finished raising money for her company's new investment fund - Apax MiddleMarket (AMI) Israel. Besides the relatively long time taken to raise the money (in most cases, raising capital for a private equity fund takes a few months), the fund raised \$250 million, while Cohen initially planned to raise \$300 million.

Most of the investors in the fund, which will focus on medium-sized Israeli companies, are foreign institutions from the US, Australia, and Singapore, as well as local investors, such as Bank Leumi (TASE: LUMI) and Bank Hapoalim (TASE: POLI); investment houses like Meitav DS Holdings Ltd. (TASE:MTDS) and Altshuler Shaham Ltd.; and veteran pension fund Amitim.

A significant part of the amount raised (at least 25%), however, will come from the global Apax Partners fund and its partners. The partners will invest \$40 million of their own money (including Cohen, who was recently appointed a partner),

and Apax itself will invest tens of millions of dollars more. Apax is portraying this investment as a commitment by the partners, but it is actually likely to indicate difficulties. The reason is that the partners do not usually invest their own money in private equity funds.

Data storage co Kaminario raises \$53 million

CEO Dani Golan: Demand was double. We could have raised \$100 million.

Solid state drive (SSD) data storage provider Kaminario has raised \$53 million. The company's current investors participated in the round, including Sequoia Capital, Pitango Venture Capital, Tenaya, Globespan, and Mitsui, together with new investors Silicon Valley Bank, the Lazarus hedge fund, and a large public company that preferred to remain anonymous. Including the current round, Kaminario has raised a total of \$128 million to date. "Globes" selected the company as one of its most promising companies in 2012.

Founded in 2008, Kaminario is currently registered in Newton, Massachusetts, and has its development center in Yokneam. The company has developed software for managing organizational storage systems based on flash memory. In a talk with "Globes", Kaminario founder and CEO Dani Golan explains, "The demand from new investors was double what we actually raised; we could have raised \$100 million. The reason for the strong demand is the field itself. In my opinion, flash storage is the biggest revolution in IT in the past decade. The storage market has a \$130 billion sales volume, and in a world in which the quantity of data doubles every year, this market has undergone a significant change that hasn't been seen in 30 years."

Golan added that the specific demand for his

company results from its success in offering cheaper prices than its competitors, and demonstrating flexibility for the growth of the organizations using the company's products. The current round will help accelerate Kaminario's growth, and expand its sales and marketing setup and its support for the Kaminario K2 flash storage solution, which has demonstrated its effectiveness, scalability, and flexibility. The fifth generation of K2 was launched in May 2014, and Golan says that company sales have quadrupled since. "The financial environment has changed dramatically," he said. "Today, there are a number of ways to finance a company that are not necessarily a traditional offering. Our ability to obtain a significant amount of money at a very significant company value without the very significant cost of an offering was more attractive to us."

The storage market has been very hot recently, as seen by one of Kaminario's main competitors, Pure Storage, which has raised \$475 million this year in two separate rounds. Another company in the storage field, Fusion-io, with which Kaminario has cooperated, and which numbers Apple cofounder Steve Wozniak among its founders, was acquired in June 2014 by SanDisk Corporation (Nasdaq:SNDK) for \$1.1 billion. The fact that so much money is circulating in this industry and demand is sky-high is leaving Kaminario out of the IPO picture at this stage. Those who have followed the company will be surprised at the change of direction that it is now leading, given previous statements about its wish to become a public company. In a late 2011 "Globes" interview, Golan stated, "We're not for sale," and predicted, "The company's IPO is on target for 2013." In another "Globes" interview in October 2012, this target date had become more remote, with Golan saying, "We see our window of opportunity as being up until the end of 2014." Now, at the end of 2014, after raising \$53 million, Golan makes it clear that an

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Gamida Cell's main investors may sell all their holdings to Novartis at a later stage.

The deal for the sale of Gamida Cell developer of a stem-cell treatment for blood cancer, to Novartis AG (NYSE:NVS; LSE: NOV; SWX: NOVZ) is back on. This time, however, no huge exit in hundreds of millions of dollars is involved. The deal involved is in multiple stages, starting with an injection of several dozen millions of dollars into the company.

The Israeli content recommendation company filed confidentially, the "Wall Street Journal" reports.

Outbrain Inc. has filed confidentially with the US Securities and Exchange Commission (SEC) for a Nasdaq IPO, the "Wall Street Journal" reports, according to a source familiar with the matter. Outbrain provides Internet content and article recommendations, sometimes called native ads. The company was founded in 2006 by CEO Yaron Galai and General Manager Ori Lahav.

If the Israeli company goes ahead with the IPO, it will reportedly be at a company value of \$1 billion, although it is unclear how much of the company Outbrain would seek to sell, a source told the "Wall Street Journal."

3D Systems acquires Israeli CAD co Cimatron for \$97m

IPO is not part of the company's plans for the near future. "The board of directors has chosen to lead the company to significant private placements at the level of the current round, and that's the direction we're pursuing," he says, adding, "There are many very strong entities looking for a place to invest their money, and not necessarily in the public market. Right now, we feel that we'll be able in the next 18-24 months to continue bringing in money in other ways that are significantly cheaper than the money received by public companies. Of course, that could change."



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