

# ISRAELI TECH ECOSYSTEM

Overview: Entrepreneurs, Companies, Investors and  
Major Trends 2015-2020

February 2021



# About IVC

Established in 1997, IVC is the best source for information, research and insights into the thriving Israeli technology.

## COVERAGE:

- 9,538 Active startups
- 2,524 Investors
- 36,144 Key Executives
- 390 Multinational Corporates
- 411 Accelerators & Startups Communities



**We provide** the most comprehensive, accurate, updated data, research and insights on Israel's tech ecosystem, startups, Private Equity and Venture Capital.



**IVC addresses** organizations of any sort which have interest in the innovative and fast-growing Israeli high-tech ecosystem. Among our clients: strategic & financial investors, foreign and local VC funds, Family offices, Angels, CVC, PE funds, Fund of Funds, Incubators & Accelerators, service providers, NGO's, government entities, multinational corporations, academy, technology transfer companies, start-ups, research institutions, entrepreneurs and more.



**Vision & Mission:** The Israeli high-tech ecosystem becomes bigger and mature, IVC's mission is to continue collecting and analyzing relevant data in order to provide our clients with the most accurate and in-depth information which assists them to formulate their scouting efforts, strategy and position in the Israeli market.

# ISRAELI ECONOMY AND GENERAL INFORMATION

# ISRAEL at a Glance

Population 05/20	Area	GDP Growth (Q3/2020)	GDP (Q3/2020)	GDP/PER Capita (Q3/2020)	Ratio of National Debt/GDP (2019)
9,136M	22,145 Sq/Km	-4.4%	350.6B (NIS)	\$41,100	60.0%

Investment in R&D (2018)	Inflation Rate	Unemployment Rate	Employees	OECD	Credit Rating
4.95% of GDP	-0.6%	4.5%	3.9m	Full Membership since 2010	Pitch A+



# Global Industry Leaders on Israeli High-Tech



Tim Cook

*"We have an enormous admiration for Israel, not just as an important ally for the U.S. but as a place to do business. Apple looks on Israel as a strategic market full of unique capabilities "*  
CEO, Apple



Jack Ma

*"people here are born to believe - 'Never give up. This mentality is what has made Israel a miracle in only 70 years."*  
Founder, Alibaba



Jensen Huang

*"One of the things I've learned about Israeli companies is that everyone wants them. I don't know of any large company in the world today that doesn't want to be in Israel. Ask the bankers - all of the companies wanted Mellanox. Look at me - I won,"*  
CEO, NVIDIA

Global recognition as a **leading** innovative technology center



**2<sup>nd</sup> only** to Silicon Valley in innovation



**Growth engine** of the economy



Human Capital emerged as Israel's **principal** resource



Warren Buffet

*"If you're going to the Middle East to look for oil, you can skip Israel. If you're looking for brains, look no further. Israel has shown that it has a disproportionate amount of brains and energy."*



Bill Gates

*"Israel is a major player in the high-tech world...There is a greater concentration of talented high-tech manpower here in comparison to other countries – almost to the extent of Silicon Valley."*

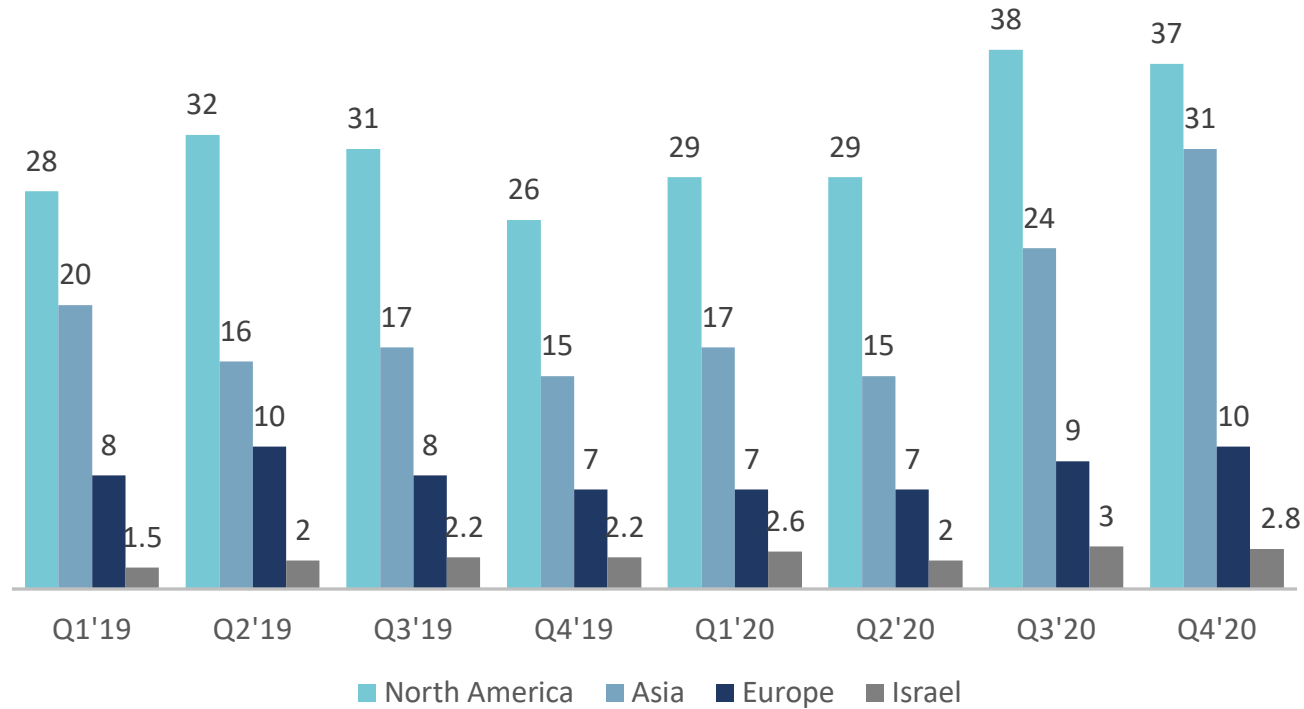


Elon Musk

*"Israel is a technological superpower."*  
Founder and CEO, Tesla, SpaceX

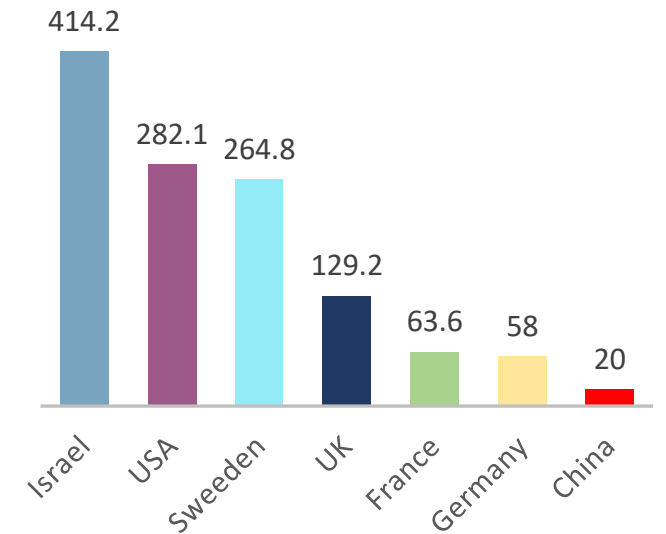
# VC Investments Global Comparison, 2019-2020

Global dollar funding: North America, Asia, Europe and Israel, \$B, 2019-2020



Source: [PwC MoneyTree 2020](#) & IVC

VC Investments per Capita (\$), Q3/2019



Source: [Statista](#)

1st in the world by R&D Spending, Q3/2020



Israel



South Korea



Switzerland



Sweden



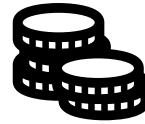
Japan

Source: [World Bank](#)

# Israel High-Tech Industry since 2010 at a Glance



More than **11,074** Startups



**\$65,356M** investments in Israeli tech companies



**\$18,869M** were raised by 190 Israeli VC funds, mostly from foreign investors



Total Exits **\$121,987M** (1371 deals)  
Total M&A's **\$116,850M** (1271 deals)  
Total IPOs **\$6,025M** (100 deals)



**27** listed in US STOCK EXCHANGES



**2503** Investors  
**406** Accelerators and Incubators  
**389** Active MNC

# Israel Entrepreneurship DNA Attitude, Characteristics, Culture

## Drivers of Innovation and Success

- Challenging - question everything
- Strong drive, must-win attitude
- Knock on every door
- Solution-driven approach to real problems
- Cost-effective use of limited resources
- Going global from inception
- Learn from mistakes – tolerate failures
- Short history – past is not a constraint
- Rewarding – financial, prestige, popular





# Israeli Tech Ecosystem Critical Mass of Success Elements



## Entrepreneurial Culture

High quality startups, serial entrepreneurs, technology clusters, one hub



## Proven Exit Avenues

M&A is the main avenue, improved performance



## Government Support

Innovation Authority special programs: grants, incubators, human resources; tax incentives



## Educated Human Resources

Skilled engineers, military service, elite units, immigration (1991 Russia)



## Smart Money, Mainly Foreign

Food chain: VC funds, CVCs, PE, angels, incubators, accelerators



## Strong Cooperation

Academic institutions, Government, Industry, Defense, Silicon Valley



## Modern Infrastructure

Legal, banking, financial, accounting, IP protection



## Commercialization

Defense-developed innovative technologies, basic science, academic research



## Quality Academic Institutions

Research, scientists, 12 Nobel prize winners, IP-patents, Weitzman Institute, Technion



## Strong Presence of Multinationals

All sectors, regions, strategic – product needs, clients, DD, capital, exits

# The Israeli High-Tech Main Hubs



## Tel Aviv

Tel Aviv is one of the greatest tech hubs in the world; it has the highest number of startups per capita in the globe and the highest investment of GDP in R&D



## Haifa

Haifa is an industrial zone and a tech hub. It hosts leading companies such as Microsoft, Intel and Google and academic institutes



## Herzliya

In Herzliya high-tech park there are 60+ startups and large companies, including Apple's R&D center, and Microsoft



## Jerusalem

The city already has 440+ active technology companies



## Upper Galilee

Foodtech, AgroTech, ii2020 – emphasize on periphery



## Beer Sheva

Cyber Center - a joint venture of the Israeli National Cyber Bureau, Beer Sheva Municipality, Ben Gurion University and leading global companies in the cybersecurity industry

# The Israeli Tech Ecosystem 2020 Trends



## Continued Growth

Israeli tech ecosystem continued to grow in 2020, despite the COVID-19 pandemic.

Investments totaled \$10 billion in 607 deals, exceeding 2019 results by 31% in capital and 20% in the number of deals.



## More IPOs

Israeli tech companies reached a maturity level that enabled them to turn to capital markets as a viable exit alternative. In 2020, Israeli companies made 121 funding deals raising \$6.55B on the capital markets, compared to \$1.95B in 2019. Deals included IPOs, follow-on offerings, PIPEs, and registered direct deals (RDs), covering equity and debt (straight and convertible) through primary and secondary offerings.



## Investments in Growth Companies

Deals over \$100m equaled one-third of the total investment's amount. There were 20 deals of above \$100 million and 96 deals of above \$30 million in 2020 (compared to 18 and 65 in 2019, respectively). These investments provided growth companies with substantial financing for their long-term expansion strategies.



## A decline in M&A activity

The Covid-19 pandemic slowed M&A activity. During 2020 there were no M&As larger than \$5B. While the total of M&As smaller than \$1B shrunk to a total of \$3.11 billion (compared to 9.718 billion in 2019), M&As amounts in the range of \$1-5 billion grew compared to 2019.



## Early Rounds

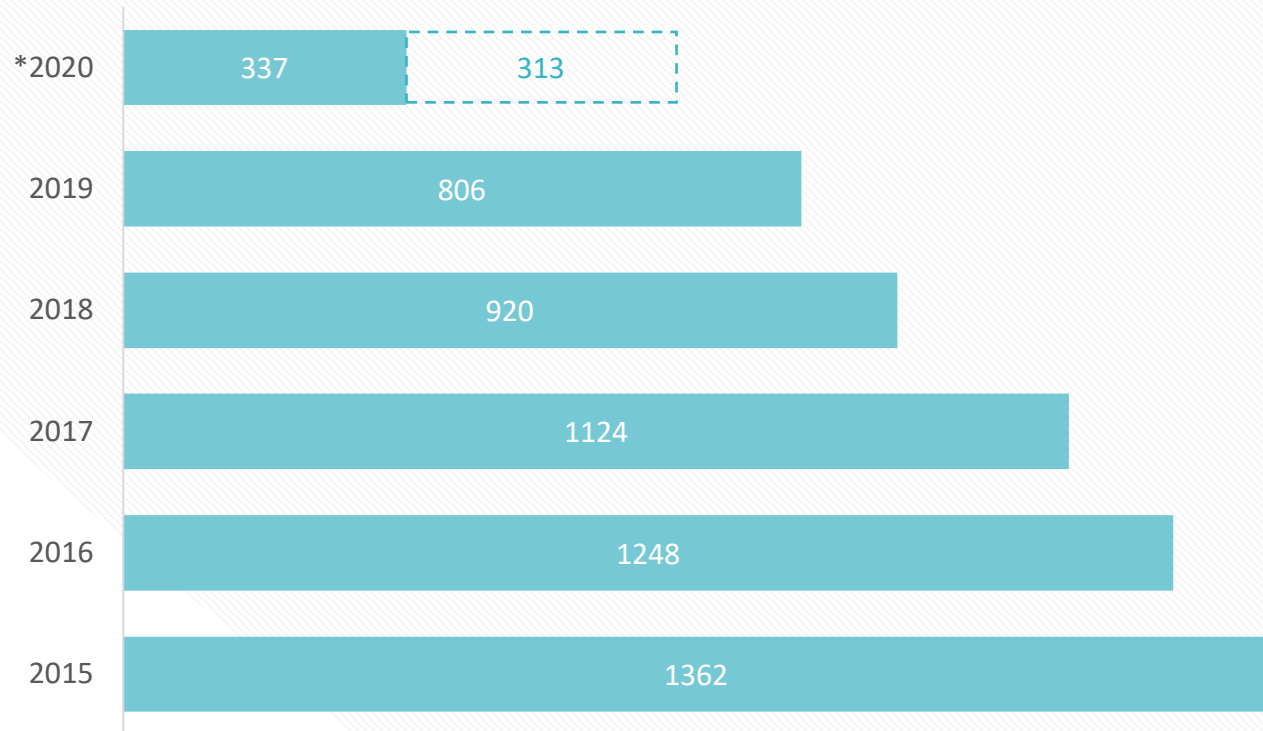
During the first half of 2020, IVC saw a sharp downtrend in early financing rounds. The sentiment changed in H2/2020 when investors returned and infused average amounts to early-stage companies.



## Israeli Venture Capital Funds

The share of Israeli VCs in the overall VC investments keeps shrinking. In 2020, Israeli VCs captured just 15% of total VC investments than 18% in 2015-2019.

## Israel High-Tech Newly Established Companies by Year, 2015-2020



\* IVC Estimation, final figures for 2020 will be more accurate around Q3/2021

# of Established

# 9500+ ACTIVE COMPANIES

The Israeli high-tech industry continues to produce about 1,000 new innovative companies every year

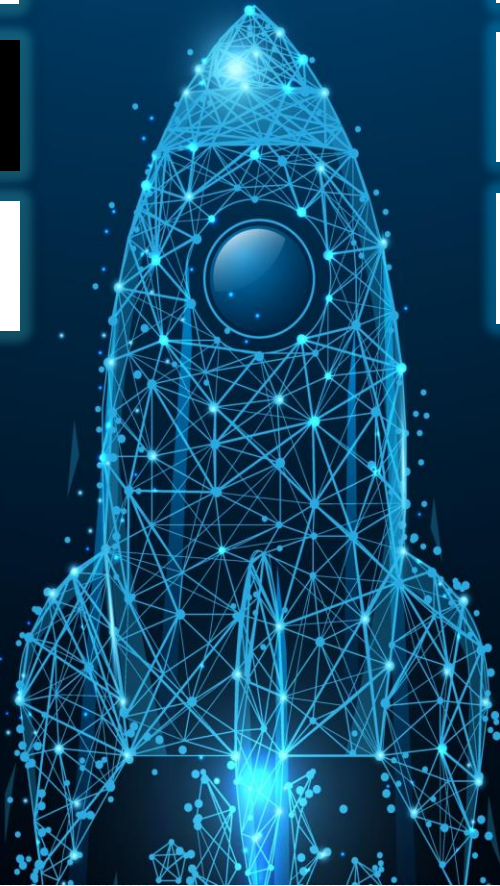
# Leading Israeli Unicorns, 2020



(\*Valuation in last round was higher than \$2B)



(\*Valuation in last round was higher than \$1B)

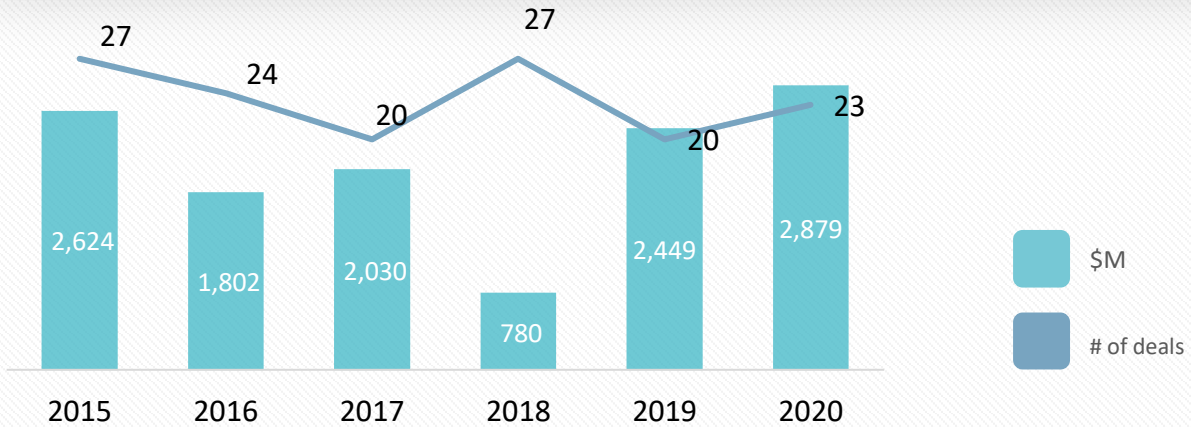


# Added Value of Multinationals Presence in Israel, from all Region & Sectors

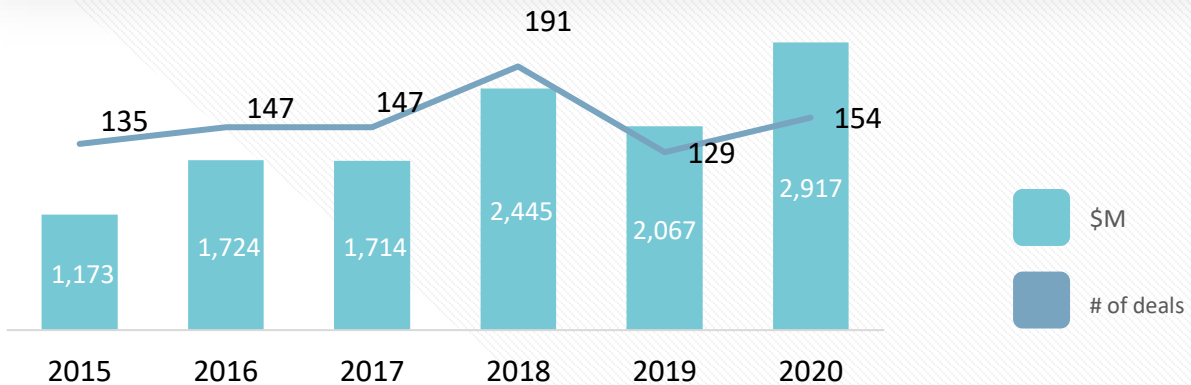


# Israeli High-Tech - CVCs Activity (Corporate Venture Capital), 2015-2020

## Corporate-Backed Exits

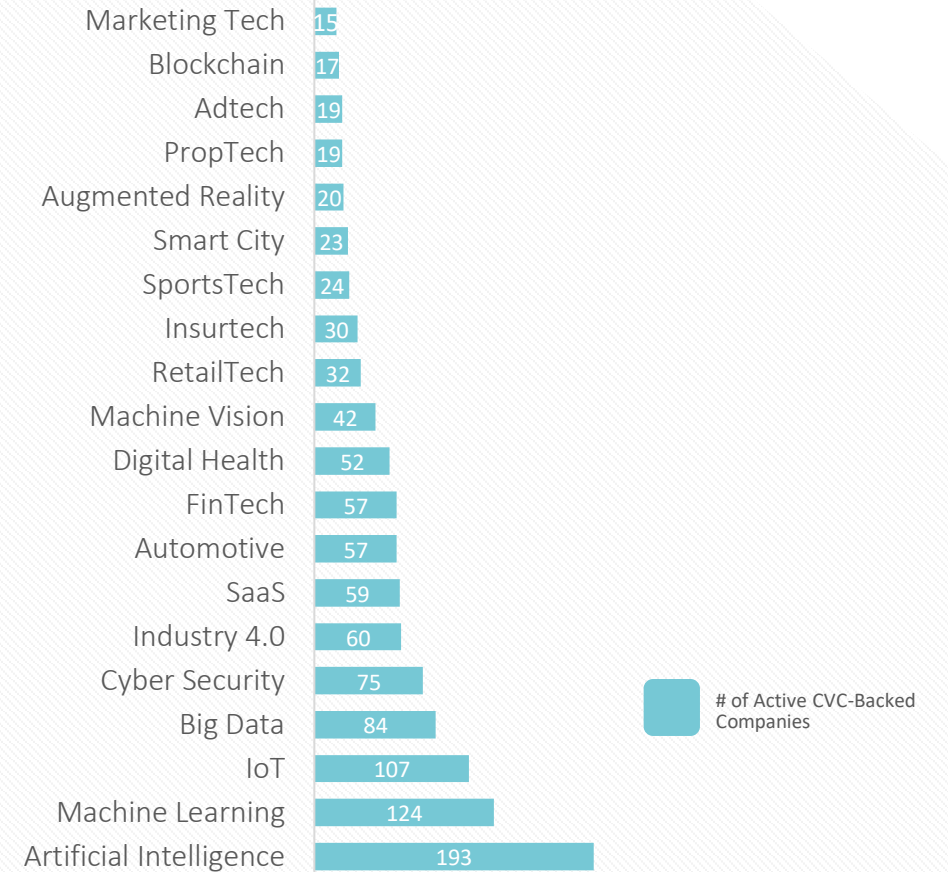


## Corporate-Backed Investments



## Active Israeli CVC-Backed Tech Companies by Leading Clusters, 2015-2020

### Tech Verticals



# Active High-Tech Companies by Stage



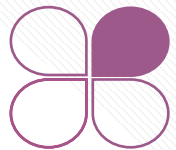
Revenue Growth 631



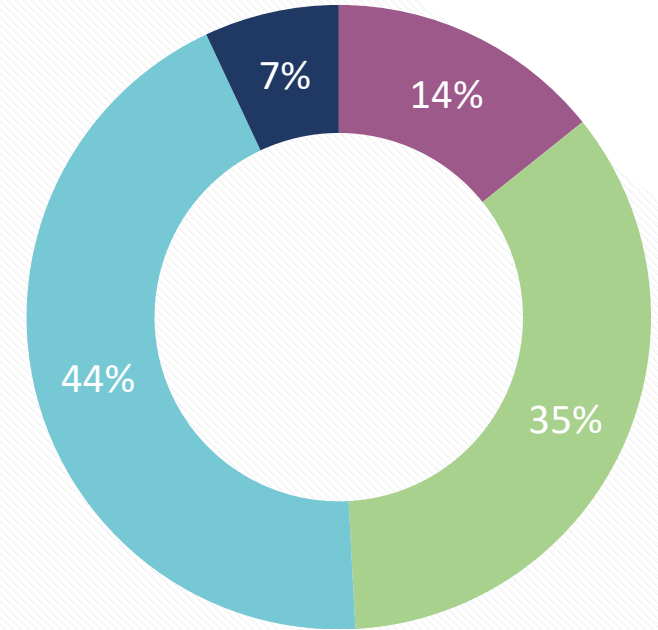
Initial Revenues 4141



R&D 3358





Seed 1300



 A startup company, which is in its early days of product development and fund raising.

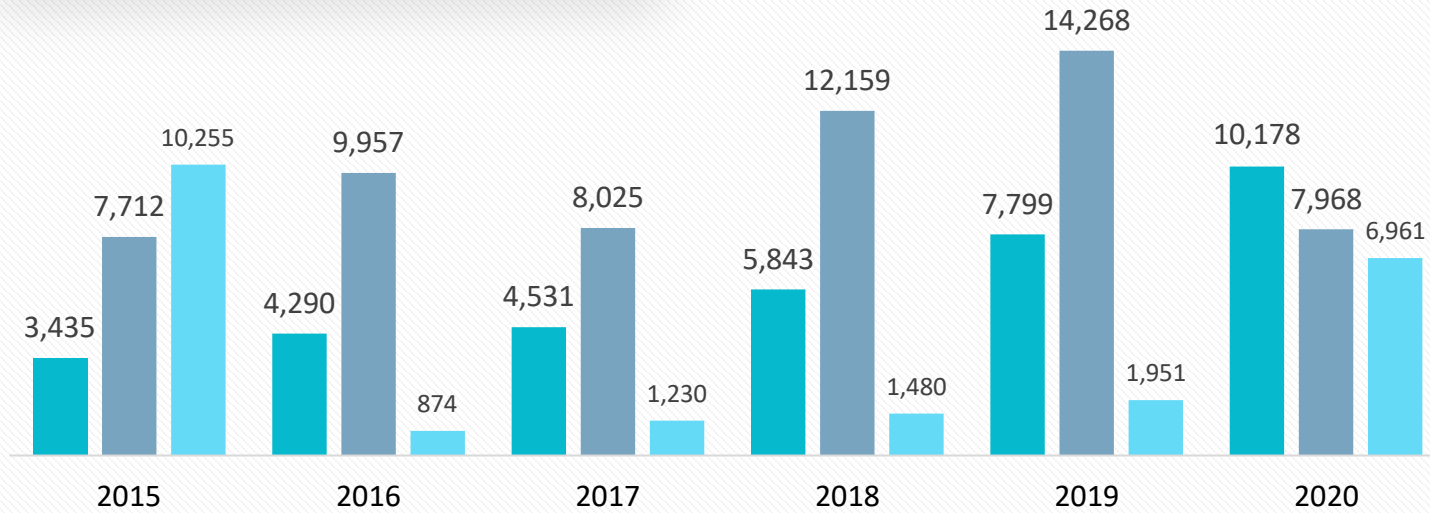
 Discovering new knowledge about products, processes, and services, and then applying that knowledge to create new and improved products, processes, and services that fill market needs.

 A company whose yearly revenue does not exceed \$10 million dollars.

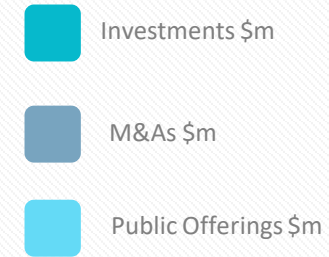
 A company whose yearly revenues exceed \$10 million dollars and has a double-digit yearly growth rate.



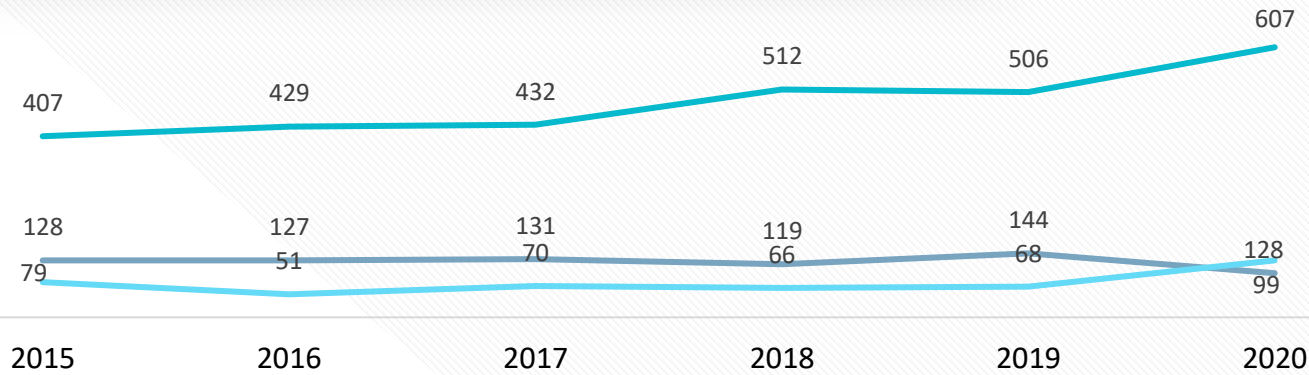
## Israeli Tech - Totals \$m 2015-2020



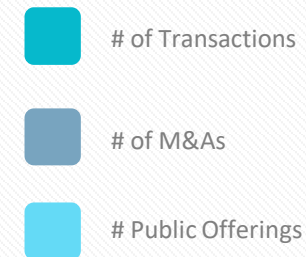
Source: IVC-Meitar The Israeli Tech Review 2020



## Israeli Tech – Total Number of Transactions 2015-2020



Source: IVC-Meitar The Israeli Tech Review 2020



M&As: consistent with the exit's methodology, M&As include buyouts and exclude exits of \$5B and above.

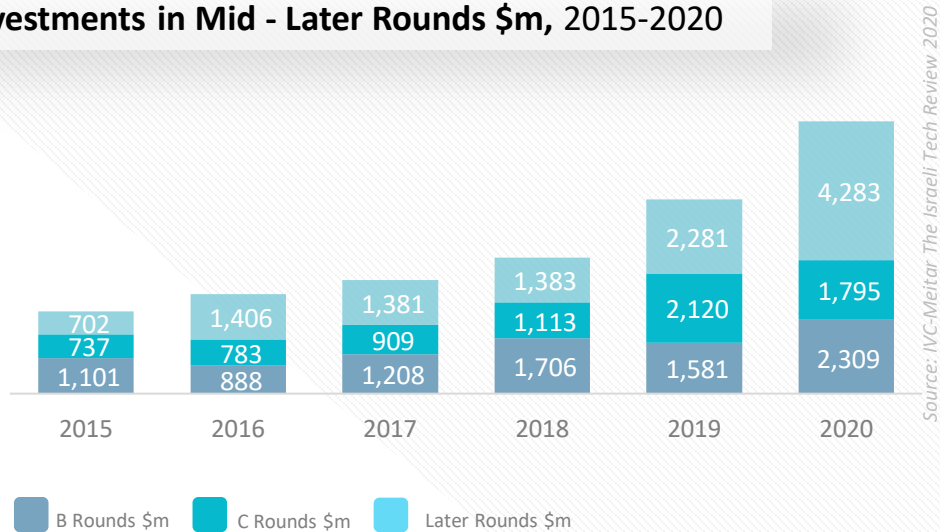
PIPE deals analysis is part of the Public Offerings section

Public Offerings include Teva \$7.24B public offering in 2015

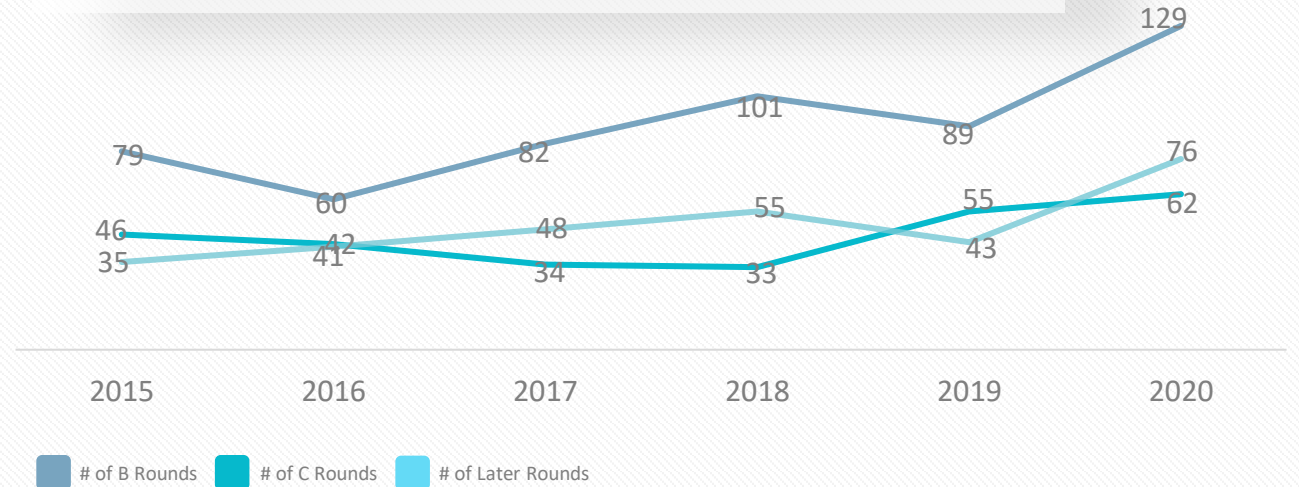
## Israeli High-Tech Investments | 2015-2020



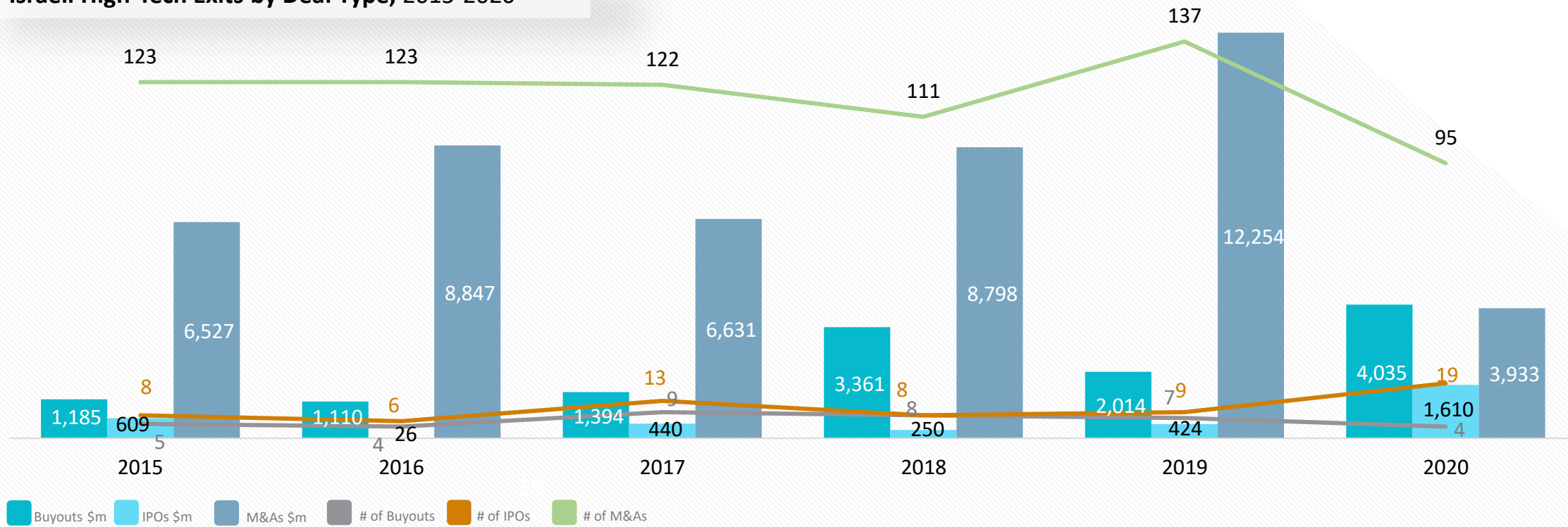
## Investments in Mid - Later Rounds \$m, 2015-2020



## Annual Number of Deals in Mid - Later Rounds, 2015-2020

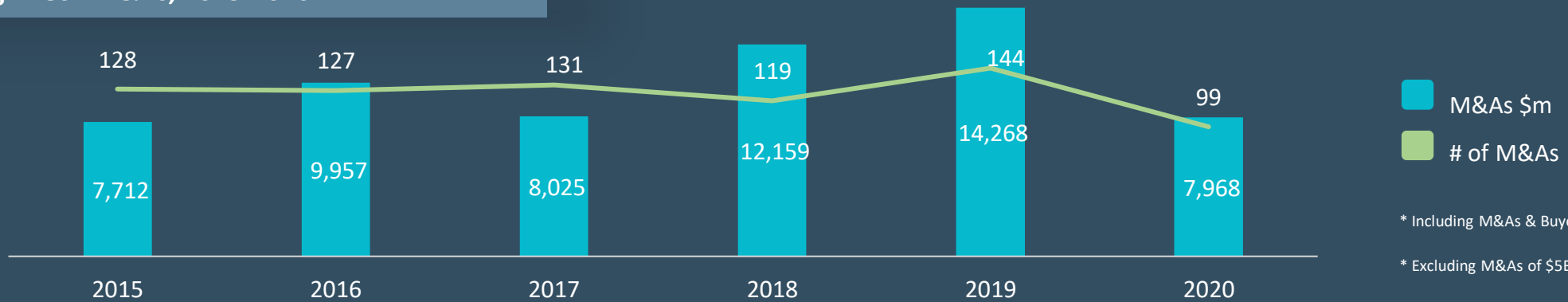


## Israeli High-Tech Exits by Deal Type, 2015-2020



Source: IVC-Meitar The Israeli Tech Review 2020

## Israeli High-Tech M&As, 2015-2020




\* Including M&As & Buyouts


\* Excluding M&As of \$5B and above.

Source: IVC-Meitar The Israeli Tech Review 2020


# Israeli High-Tech Top M&As in 2012-2020

 **CHECKMARX**

2020 Acquired by Hellman & Friedman For **\$1.15B**

 **ARMIS**

2020 Acquired by Insight Partners (\$1B) and CapitalG (Google) (\$100m) For **\$1.1B**

 **moovit**

2020 Acquired by Intel For **\$1B**

 **Click**


2019 Acquired by Salesforce For **\$1.35B**

 **SafeCharge**

2019 Acquired by Nuvei For **\$889m**

 **Mellanox TECHNOLOGIES**

2019 Acquired by Nvidia For **\$7.4B**

 **IMPERVA**

2018 Acquired by Thoma Bravo For **\$2.1B**

 **Mazor Robotics**

2018 Acquired by Medtronic For **\$1.6B**

 **orbotech**


2018 Acquired by KLA-Tencor For **\$3.4B**

 **NeuroDerm**


2017 Acquired by Mitsubishi Tanabe Pharma For **\$1.1B**

 **MOBILEYE**


2017 Acquired by Intel For **\$15.3B**

 **Playtika**

2016 Acquired by Giant Interactive For **\$4.4B**

 **FUNDtech**  
Your strongest link


2015 Acquired by D+H For **\$1.25B**

 **Viber**

2014 Acquired by Rakuten Inc. For **\$900m**

 **GIVEN IMAGING**  
Expanding the scope of GI

2013 Acquired by Covidien For **\$970m**

 **waze**  
Collaborating. Transforming. Technology.

2013 Acquired by Google For **\$1.19B**

 **NDS**

2012 Acquired by Cisco For **\$5B**

 **Paradigm**

2012 Acquired by Apax Partners & JMI Equity For **\$1B**

US Companies are majority of the acquirers IBM, Intel, Google, Microsoft, Amazon, Palo Alto Networks, Facebook and many more

## Notable Israeli Technology Companies Traded on Global Public Markets



Market cap  
\$16.5B

WIX.com

Market cap  
\$15.4B

teva

Market cap  
\$13.5B



Market cap  
\$12.6B

amdocs

Market cap  
\$9.8B

fiverr

Market cap  
\$9.6B

Lemonade

Market cap  
\$8.1B



ORMAT  
Market cap  
\$6.6B

CYBERARK

Market cap  
\$6.2B



JFrog  
Market cap  
\$6.1B

VERINT

Market cap  
\$3.5B

TOWER

SEMICONDUCTOR LTD.  
Market cap  
\$3.3B

נאנוקס  
X-RAY REIMAGINED

Market cap  
\$3.2B

NOVA

Market cap  
\$2.1B

compugen

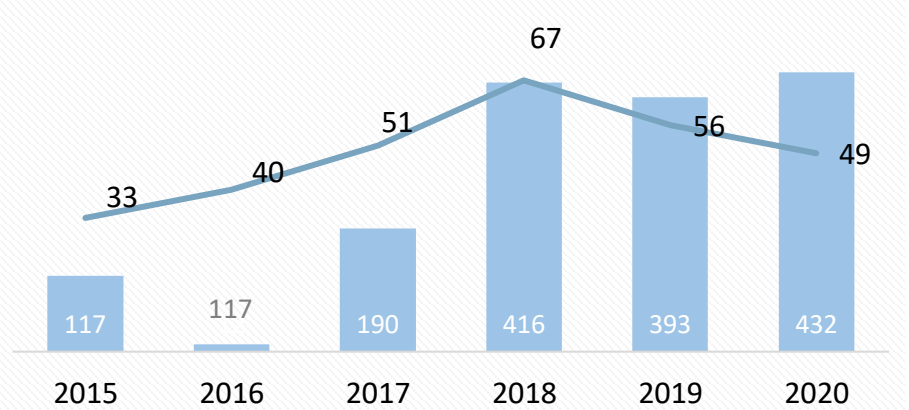
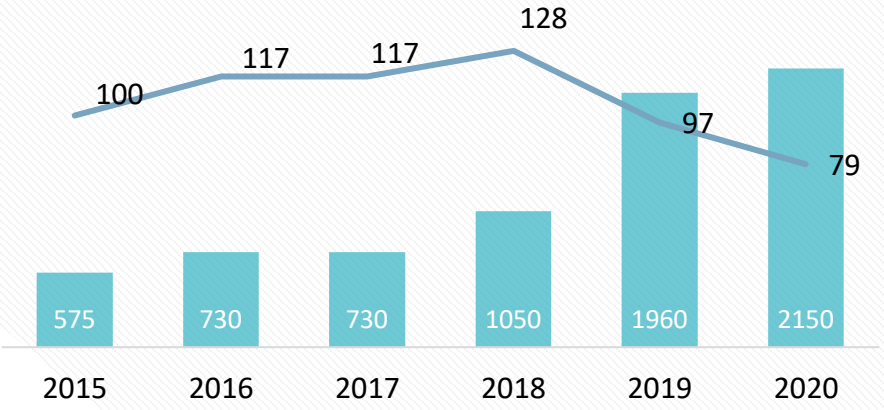
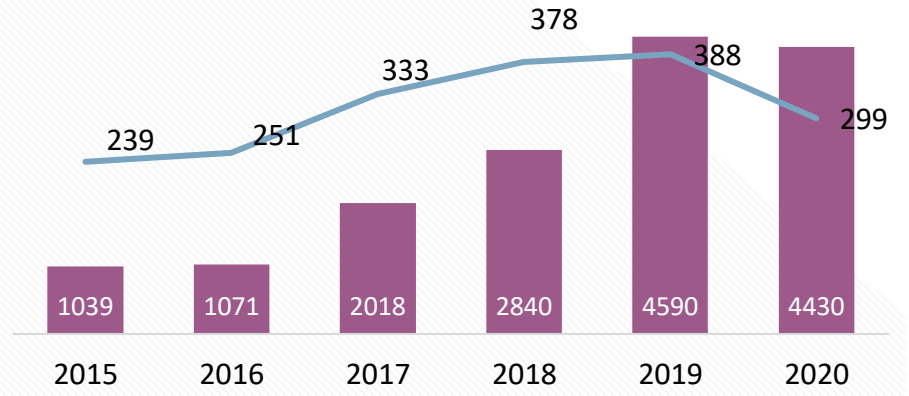
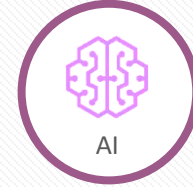
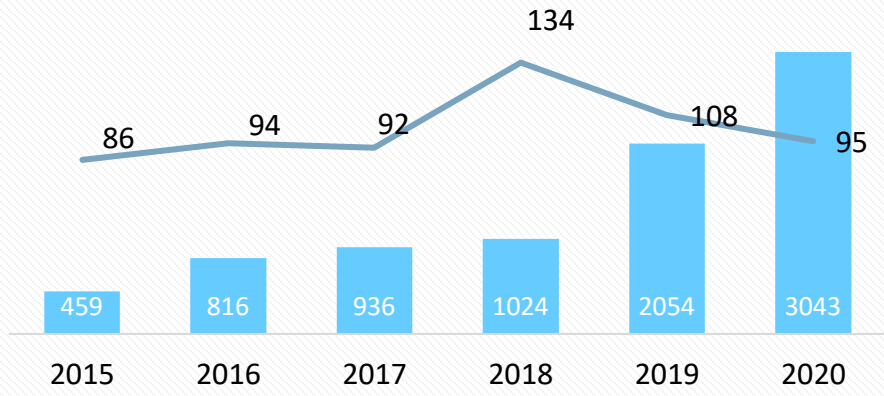
Market cap  
\$1B

Over 100 Israeli Technology Companies are Publicly Traded on NASDAQ

# Leading Technology Clusters, Matching Global Technology Trends and Demands



# Israeli High-Tech Leading Clusters

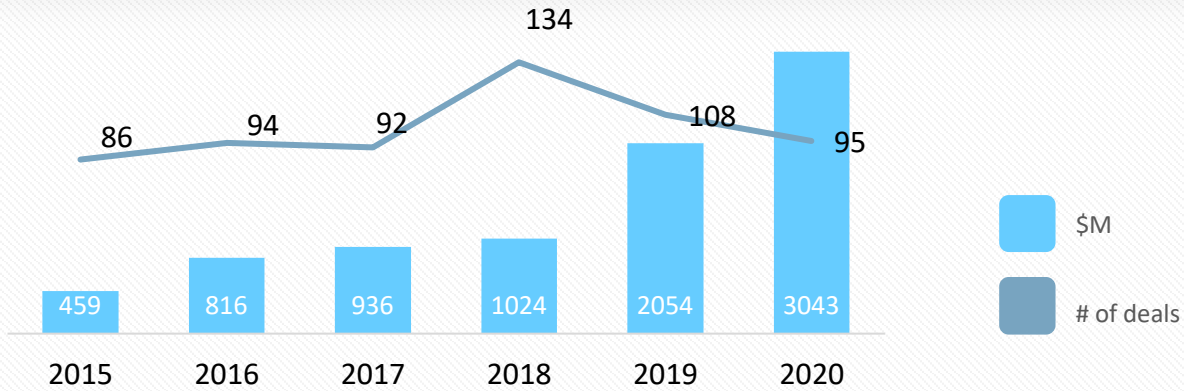


■ Cyber \$M   
 ■ Fintech \$M   
 ■ AI \$M   
 ■ Foodtech \$M   
 ■ # of deals

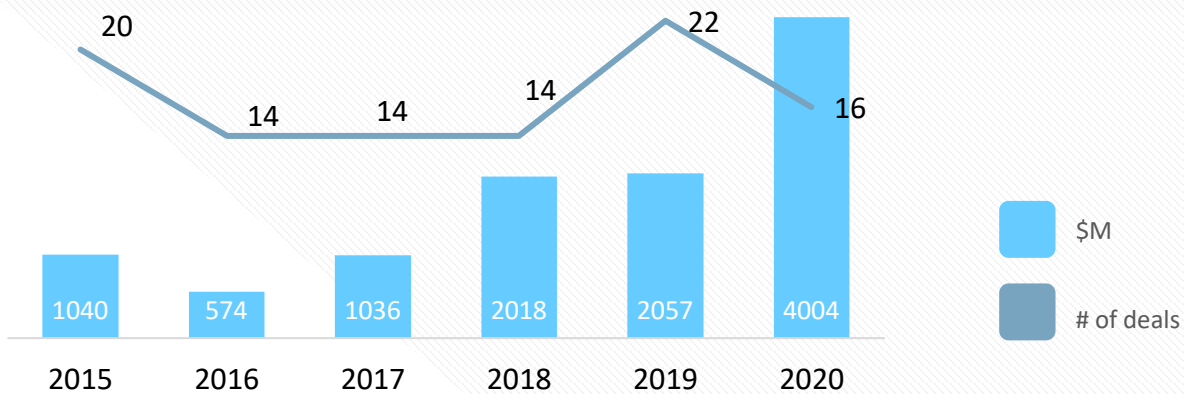


# Israeli Cyber Companies

### Investments in Cyber Security Companies (\$m, #), 2015-2020



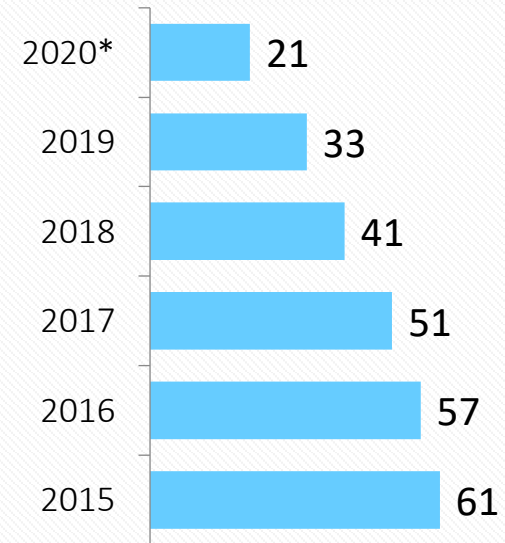
### Exits by Cyber Companies (\$m, #), 2015-2020



**443** Active Cyber Companies

**110** Acquired/Merged

### Newly Established Cyber Companies



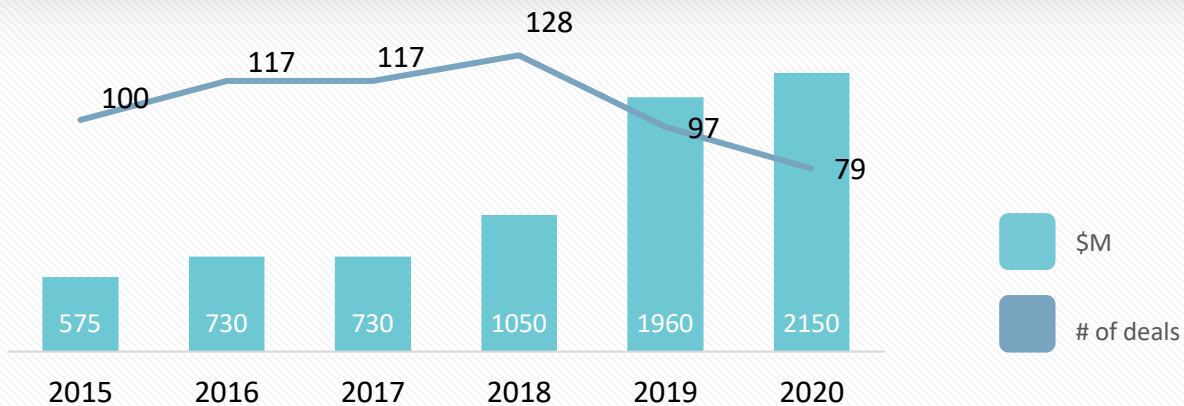
\*2020 details are not final



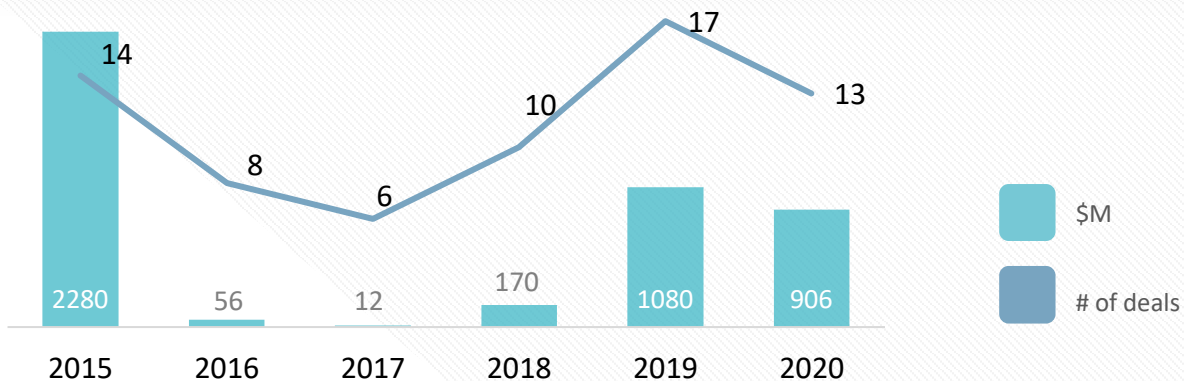


# Israeli Fintech Companies

Investments in Israeli Fintech Companies (\$m, #), 2015-2020



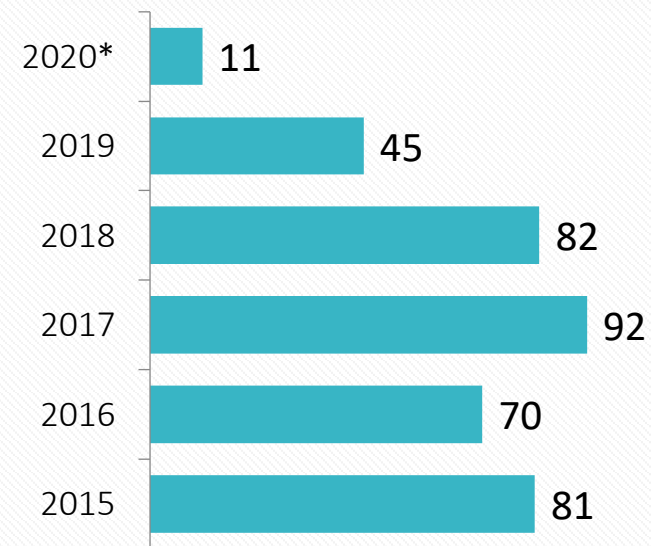
Exits by Fintech Companies (\$m, #), 2015-2020



698 Active Fintech Companies

76 Acquired/Merged

Newly Established Fintech Companies

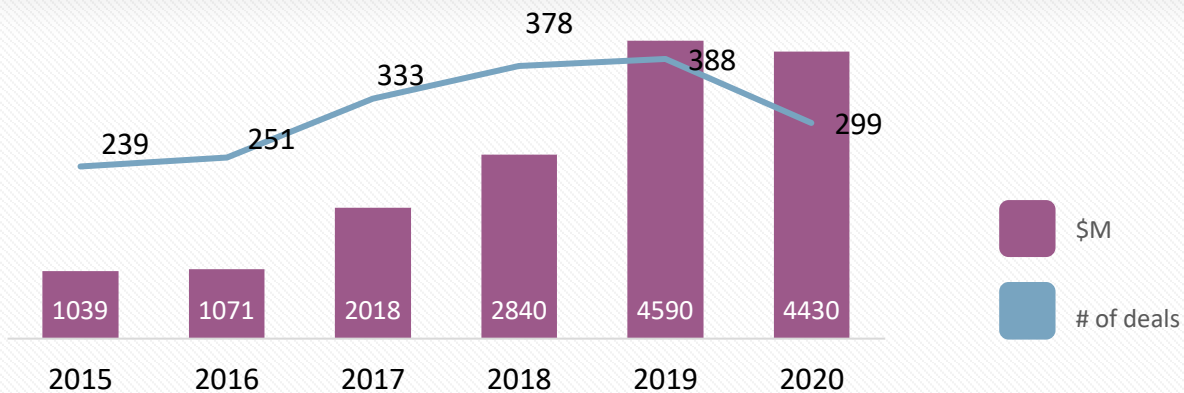


\*2020 details are not final



# Israeli AI Companies

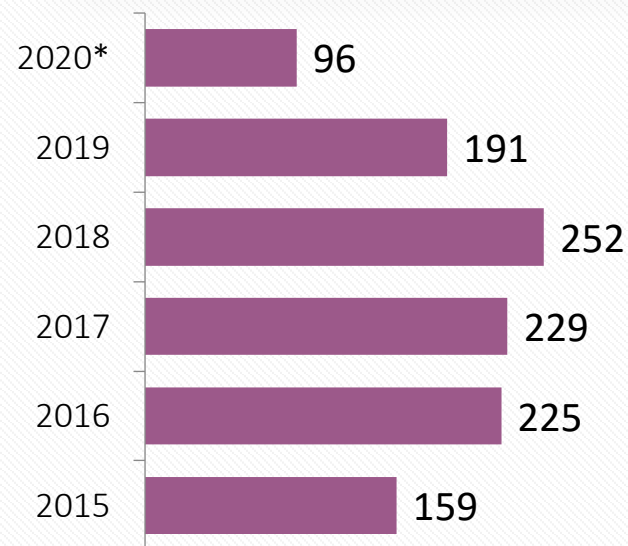
### Israel High-Tech - AI Companies (\$m, #), 2015-2020



# 1649 Active AI Companies

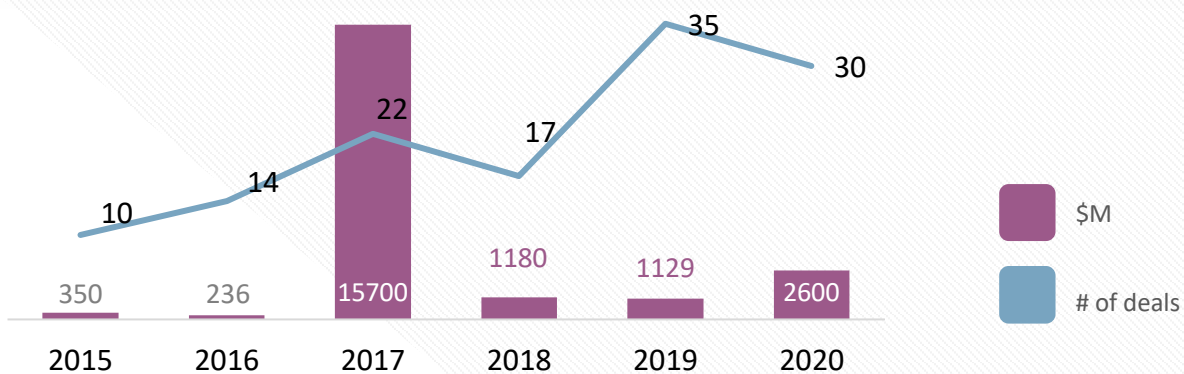
# 131 Acquired/Merged

### Newly Established AI Companies



\*2020 details are not final

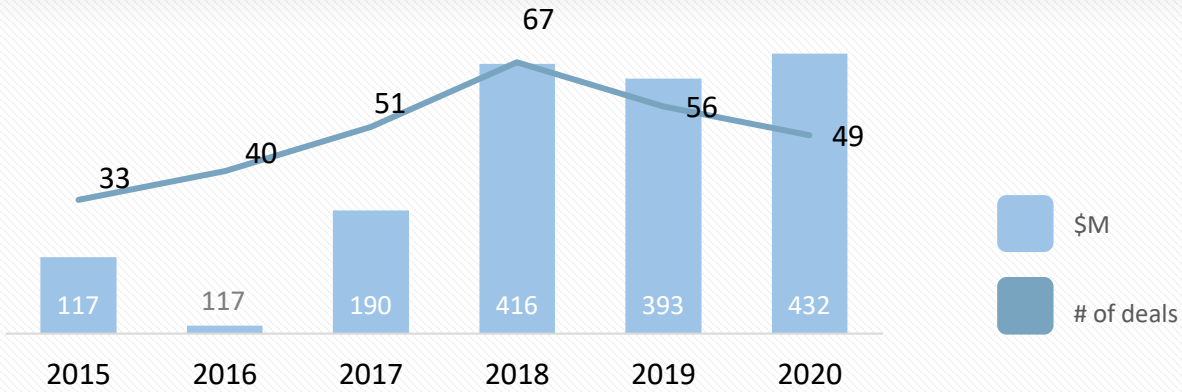
### Exits by AI Companies (\$m, #), 2015-2020





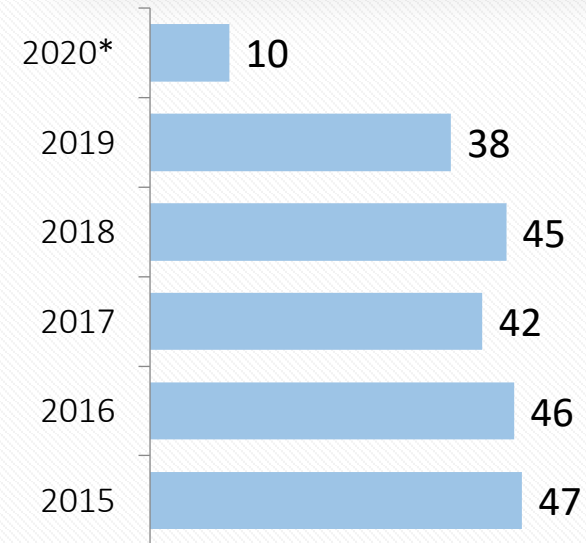
# Israeli Foodtech Companies

### Israel High-Tech - Foodtech Companies (\$m, #), 2015-2020



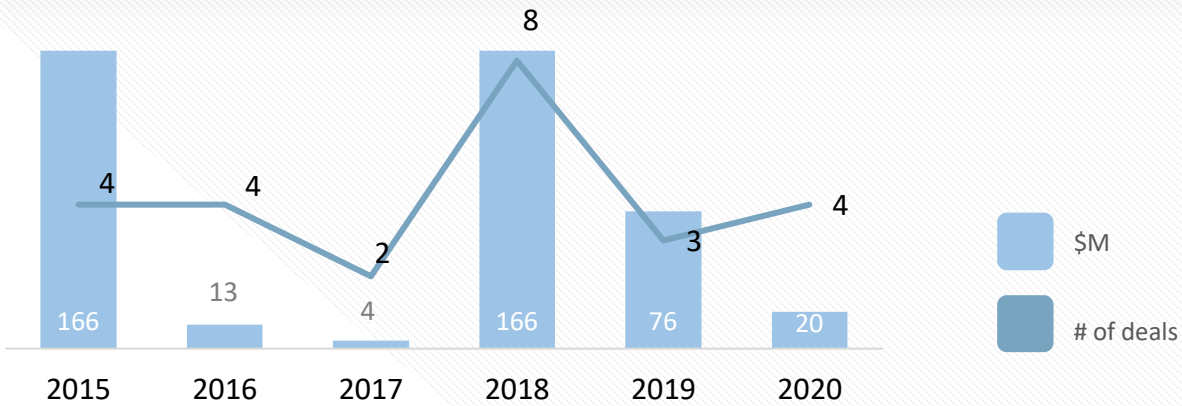
**399** Active Foodtech Companies  
**30** Acquired/Merged

### Newly Established Foodtech Companies



\*2020 details are not final

### Exits by Foodtech Companies (\$m, #), 2015-2020

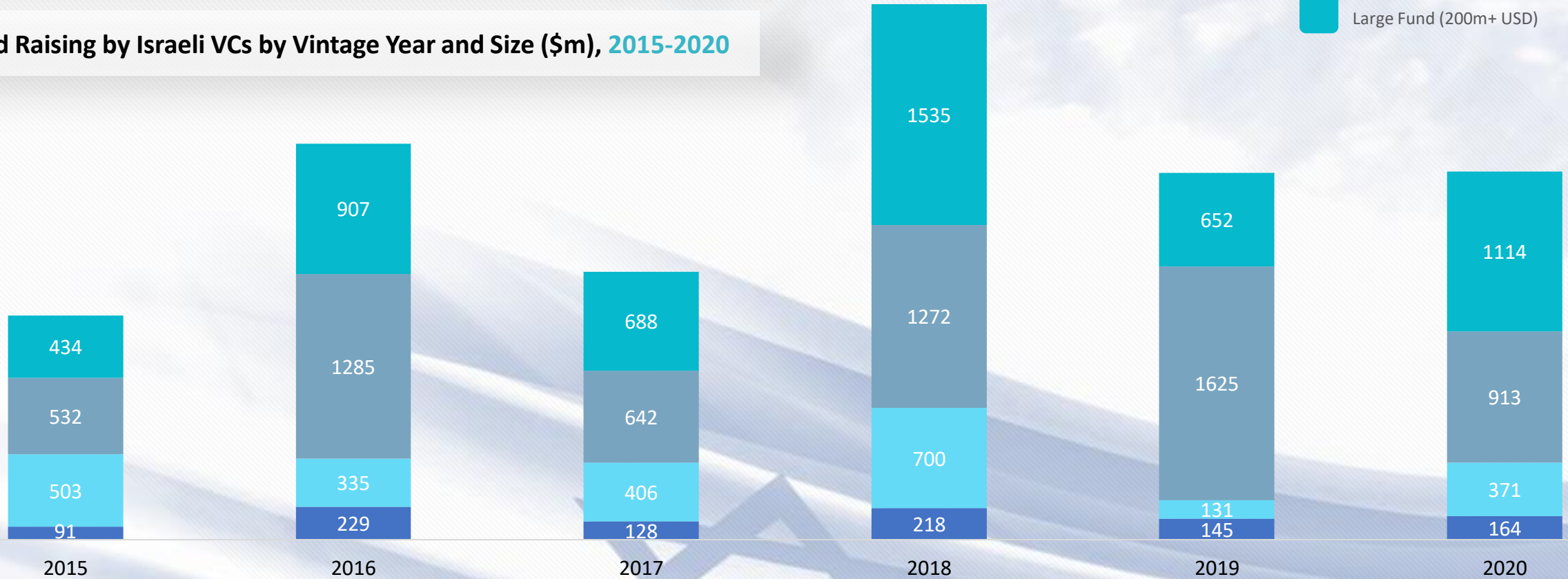


# Israeli Venture Capital Funds Activity

\$15,020m raised by 265 Israeli VCs

Fund Raising by Israeli VCs by Vintage Year and Size (\$m), 2015-2020

- Micro Fund (<50m USD)
- Small Fund (50m-100m USD)
- Medium Fund (100m-200m USD)
- Large Fund (200m+ USD)





**THANK YOU**

[www.ivc-online.com](http://www.ivc-online.com)

