



# MIT ENTERPRISE FORUM ISRAEL

MIT Enterprise Forum @ PACE University

## Technology Innovation & Entrepreneurship in Israel

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MIT Enterprise Forum of Israel

in cooperation with the Leon Recanati  
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**Sabra: n.  
A native-born Israeli.  
[Hebrew ṣābār, sabra, prickly pear.]**







**Israel is about  
the size of NJ**



**or  
Massachusetts**



## Until the 80s



- Government regulated economy
- Mainly agriculture, tourism & textile + defense industry
- Building the infrastructures
- First global tech centers
  - IBM Scientific Center (1972)
  - Intel R&D Center (1974)



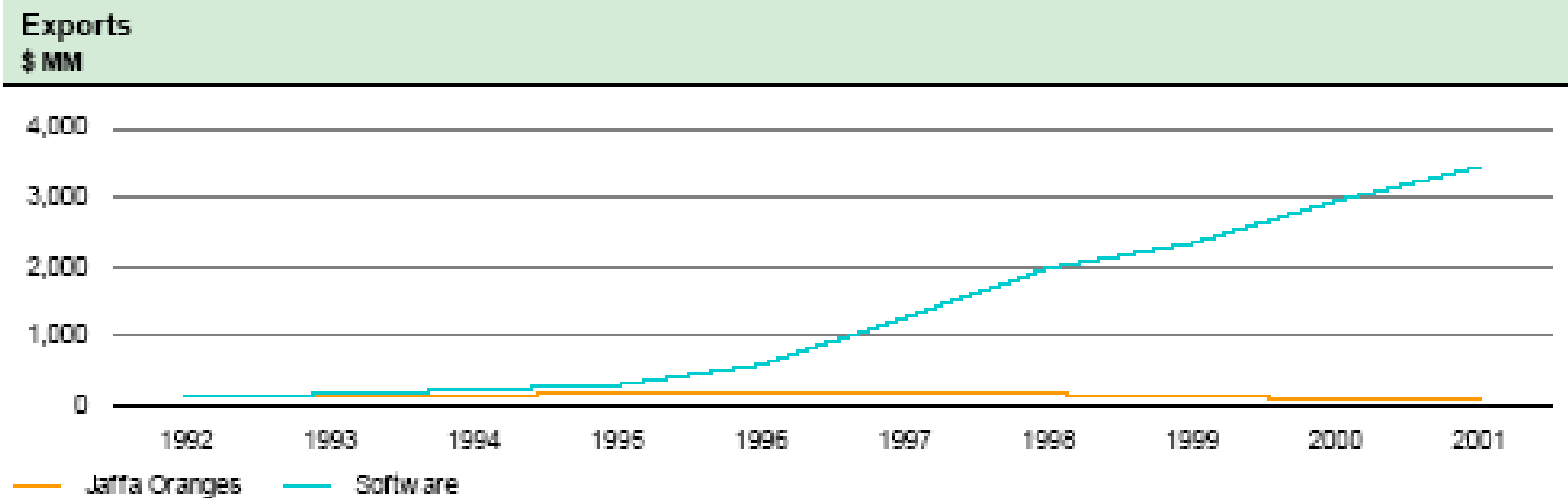
## The Israeli Market

### Recent Developments

# It's Not About Oranges...

It's All About Tech

- The Israeli economy has been transformed into a modern, liberalized & open system
- Israel's high-tech exports have tripled over the last ten years despite regional conflicts such as the Gulf War and Intifada



## As of the 90s

- Exports: IT & Defense
- More global R&D centers
  - National Semi Conductor, Digital Equipment, Motorola
  - Cisco, Microsoft, Marvell, SAP, Google (2) & others
- First investment bodies:
  - Athena, Discount Investments
- Gov initiates
  - Tech incubators
  - Yozma funds
  - Magnet program



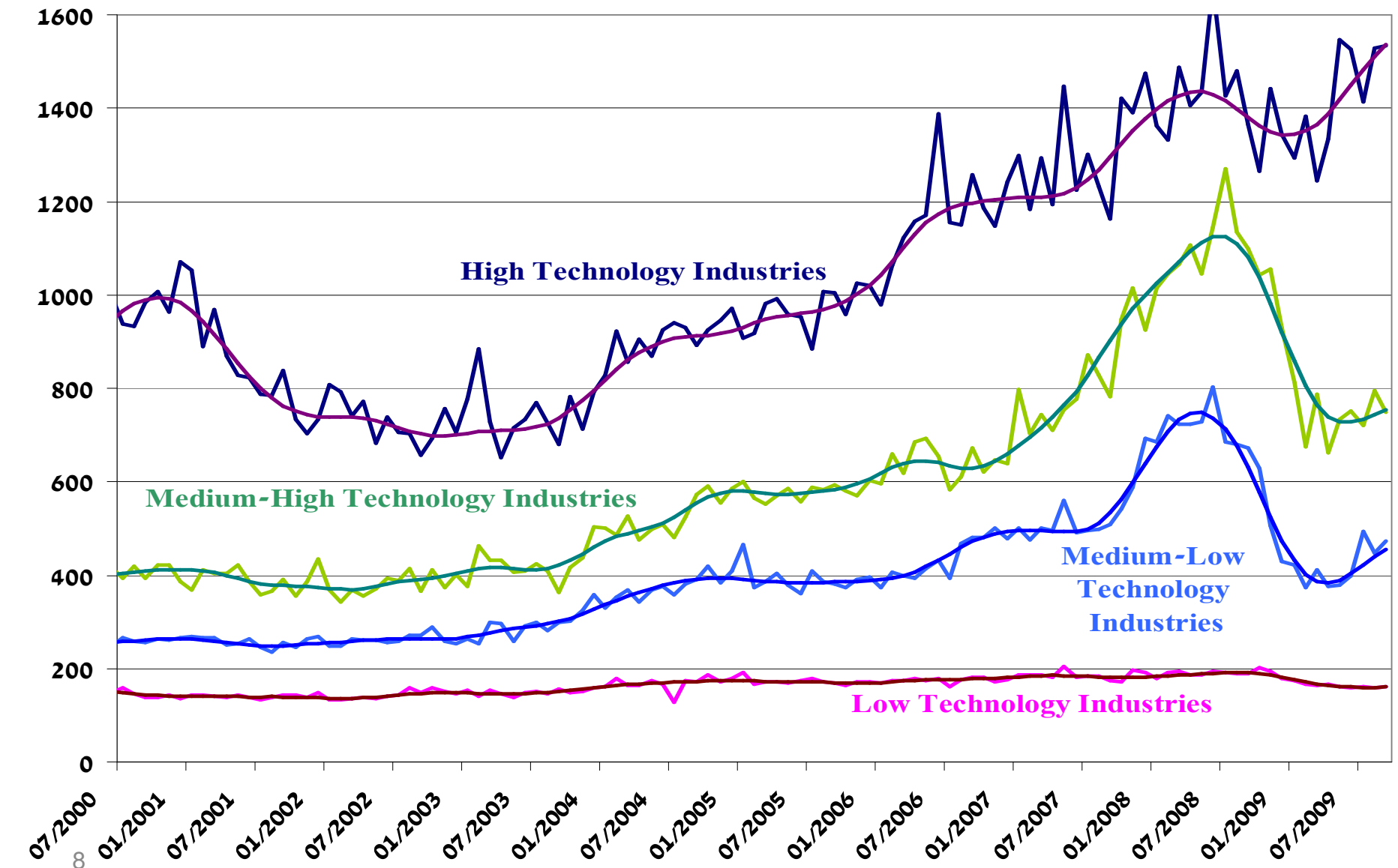
## IT Drives 1990s Growth

- IT sector grew at an average rate of **16% per year**
- Accounted for **5% of GDP in 1990** and **14% in 2000**
- Contributed a full **1/3 of the growth of GDP**
- IT **exports** grew by a factor of **6**
  - Reached **\$15B by 2000**
  - Accounted for **1/3 of total exports**



# Exports by technology intensity

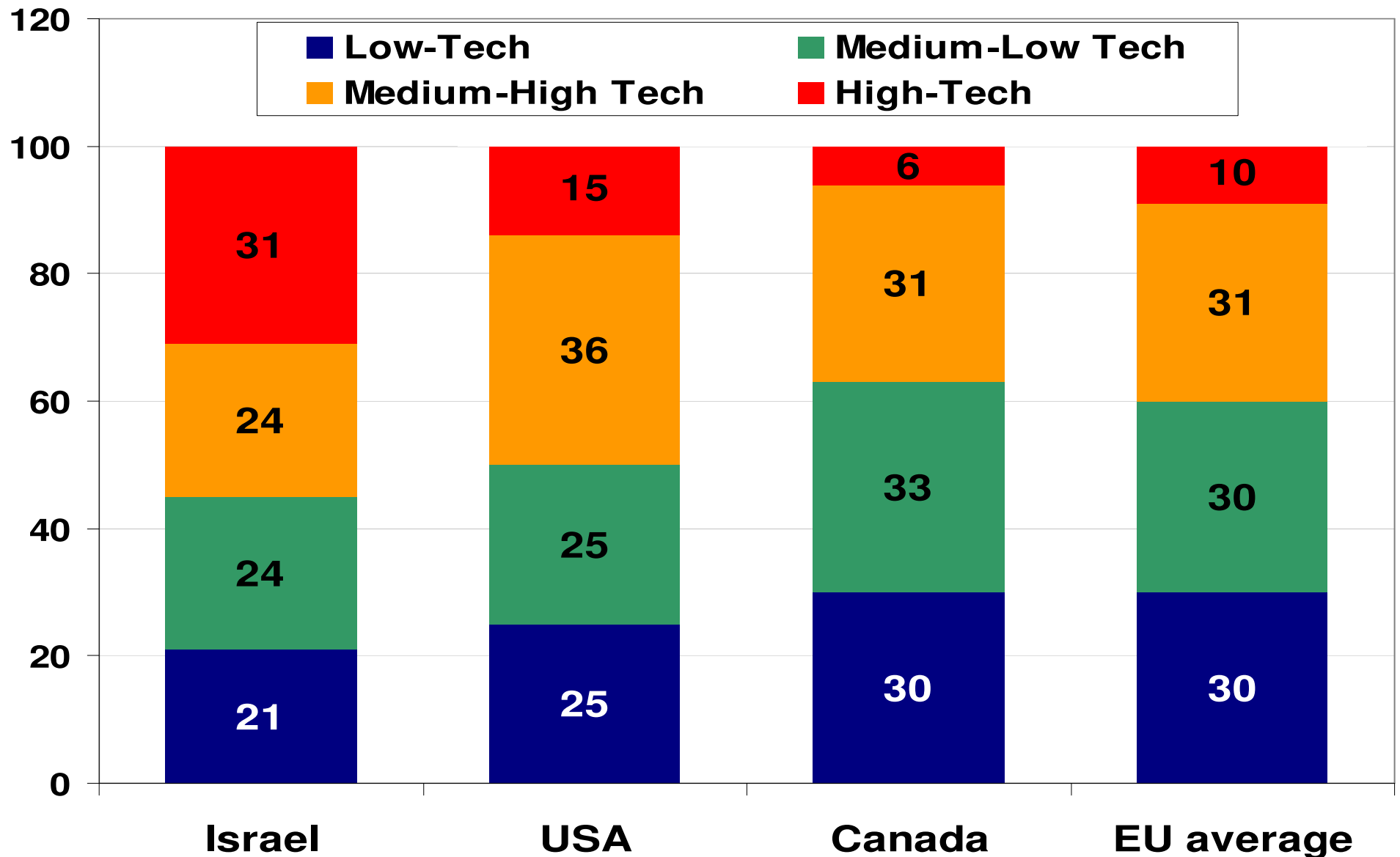
\$ millions



Source: BOI



# Industrial production by technological intensity



Source: Makov report (2007), CBS (Israel 2008). EU average: Italy, Belgium, Denmark, Finland and France.

## Israelis are Early Adopters

- Engineers per 10,000 Employees (70, highest WW)
- Penetration -     mobile – 106 %  
                              PC - 73%  
                              broadband - 50+%
- Very high on patents per capita (4 ww in US)
- About 100 Israeli companies on NASDAQ
- Total VC backed exits since 1993 - ~\$35B, #1 center out of US



## Making the Impossible Possible

Ray Stata, Analog Devices

- Stubborn, committed to success
- Groups of people working together long term
- **Repeat Entrepreneurs** (33% vs. US 5%)

Paul Gompers, HBS

- *"My Market is over the Ocean .."*... **Global Players**
- TEVA, CheckPoint, ISCAR, MAIN, Amdox, RAD, Daisy, Indigo, Given Imaging, ICQ



## Success Factors

- Strong Tech Base (academia + defense)
- 2 degrees of separation, culture of equality, long term
- Strong network, strong community, good teamwork
- Empowerment (army service), questioning authority
- Multi disciplinary thinking, persistence
- Strong N-Ach
- Capital efficiency



## Working with Entrepreneurs and Entrepreneurs to Be







**The MIT Forum “Very Open University”**  
Conferences, workshops, 1-1 consulting

**Entrepreneurship Courses**

Technion - Israel Institute of Technology, MBA Program  
Herzliya Interdisciplinary Center, Efi Arazi School of Computer Science  
Tel Aviv University - Faculty of Engineering

**Born or Made?**



## The Book

- Company Lifecycle
- Tool Box
- Learning from success and failure



This is not for everybody



## The Tool Box

- Market research & biz environment
- IP
- Funding methods
- Negotiation techniques
- Go to market strategies
- Business planning process



## The Method

- Role models to learn from
- Case studies
- War stories to grow with
- Process analysis
- Real, hands on experience, field work



bridging between 'real life' and academia



## War Stories

- Evaluating the opportunity (Continuity, Given Imaging)
- Funding (Qlusters, OneHourTranslation)
- Learning from success and failure (Envision, Kasamba, Precise)
- Go to market strategy (Equivio, Illient)
- JV, M&A (Aladdin, Panorama)
- Business Strategy (TEVA)







## Testimonials



"inspiring introduction to the spirit of entrepreneurship,  
and an outstanding networking opportunity"

Amir Shpitalni, Founder & CEO, Spiral Supports Ltd.

"one of the best opportunities in Israel to meet with other entrepreneurs"

Milo, Founder and CEO, Equivio



"Listening to the problems and  
challenges behind successful  
companies – their  
unwritten History..."

Priceless and countless insights"

Ishay Green, Founder and CTO,  
Onigma (sold to McAfee) & Soluto

"Inspiring, professional and practical"

Omer Matityahu, Founder & COO, Profitect



## Brainstorming Sessions - Advantages

Natural ■ Intimate ■ Open ■ Effective





**Ben Kidron**, Founder and CEO, **OmniVee**   
(sold to DVTel 12 months after consulting with MIT EF)

"In Mid 2004 OmniVee participated in a MIT Forum brainstorming session ... with a **well balanced panel** with well-known and respected professionals, including Dr. **Shlomo Kalish**, Founding Partner of Jerusalem Global Ventures, and **Yoav Avtalion**, Co-founder of NICE.

"The meeting itself was **short and focused**. We ended up having our **downside** very explicitly put, and **benefited** from a few key **suggestions** for the best course of **action**."

"About half a year later, I can state a number of our main **strong points today** are clearly the **result** of things said in the MIT Forum meeting."

We saw it as a 'step-forward' meeting; however **its full impact became apparent only with the passage of time.**"





**Monica Eisinger**, Founder & CEO, **Mind-CTI** (NASDAQ: **MNDO**)  
(Mind-CTI went public 4 years after consulting with the MIT EF)

“The Forum **put us on the right track** in terms of developing a **realistic business plan**, with proper benchmarks and milestones, thereby **improving decision making** at MIND. The Forum afforded us the opportunity of developing on-going **relationships with experts** in fields related to our business. The Forum gave us **insight** into the **intricacies of seeking venture capital**, and allowed us to **avoid** the **pitfalls** of hindsight by learning ‘on the job’ in the process of negotiations.”



## Challenges for the next Decade

Closing the gaps:

- Turning the creative ideas into big companies

36 companies exceed \$100M/year, 12/4 of started after 1992/1996

- High-tech island





**Thank You**

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