START-UP NATION CENTRAL

ANNUAL REPORT 2017

Start-Up Nation Central (SNC) is a non-profit organization, promoting Israeli innovation. We work to realize our vision of **Israel as a thriving innovative nation, globally recognized as such**. *SNC leverages its in-depth knowledge of Israel's innovation ecosystem to help it grow and expand. SNC connects corporate, government, and NGO leaders from across the globe to the most relevant people and technologies that can address their most pressing challenges. SNC helps position Israel as an attractive place for tech innovators today and in the future.*

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FROM THE DESK OF EUGENE KANDEL, CEO

I am pleased to present the Start-Up Nation Central 2017 Annual Report. In last year's report, I wrote that Start-Up Nation Central (SNC) was becoming a strategic asset — not only for Israel's innovation ecosystem, but for the entire country. This is even truer today. This year's report provides insight into our recent successes, challenges, strategic directions, and reflects the excitement expressed by our team, partners, and stakeholders.

SNC's standing as an independent, un-conflicted organization was solidified in 2017. Accordingly, the organization convened engagements with a wide variety of players, catalyzing collaborative efforts that strengthened the Israeli innovation ecosystem. Throughout the year, SNC helped dozens of business leaders from New Zealand, China, Russia, Europe, and the Americas to establish valuable contacts with Israeli innovators that generated significant economic value.

SNC focused on turning the Start-Up Nation Finder (Finder), a search engine and networking tool that helps international and domestic parties easily navigate Israel's start-up ecosystem, into a widely used platform. Finder currently logs more than 70,000 monthly sessions, of which more than half come from abroad. September 2017 saw the launch of Finder 2.0, the most significant release since the platform's inauguration. The new version features an enhanced user interface and user experience and has become an incomparable vehicle for providing the global community with the information it needs to efficiently access the Israeli tech sector. Within the first three months of operation, Finder 2.0 was accessed by users in 85 countries with a 70% increase in active time per session.

> 66 *The relationship we began with Start-Up Nation Central is the best shortcut we could ever find to leverage Israeli innovation and start doing business in the country. In just two days, we were able to find four to five high quality candidates for partnerships or potential investments and made great connections to stay close to the start-up environment in Israel. I believe this service is extremely helpful for foreign companies. It is definitely a link that can help the local start-up ecosystem achieve even greater results.* 99

Leo Pharma on
Start-Up Nation Central

In 2017, SNC published a series of reports on Cyber Security, Digital Health, Agritech, and Human Capital using proprietary data largely harvested from our Finder platform. These reports — combined with successful marketing and communications campaigns — generated great global and local interest in several innovative sectors, and for the ecosystem as a whole. SNC's ability to identify and articulate the challenges and pain points facing international corporations, NGOs, and governments to the Israeli ecosystem enables our stakeholders to focus on generating the most relevant solutions.

Human capital continued to be an area of focus for SNC in 2017. The single greatest threat to the future of the Israeli tech sector is the acute shortage of skilled workers. The SNC Human Capital team worked to create and support scalable and sustainable solutions for the Israeli ecosystem, which included close collaboration with government, philanthropists, industry leaders, and non-profits. We are excited to announce the adoption of an ambitious three-year work plan aimed at training and integrating diverse human capital into tech companies in response to this crippling shortage.

Internally, we invested time and effort in strengthening SNC governance, making this truly unique organization more efficient. I would like to acknowledge Mr. Guy Hilton, SNC's Chief Marketing Officer since 2016, who was promoted to General Manager in September 2017, and has been very successful in his new role.

The SNC team is poised for greater impact in 2018 during which we plan to:

- Further strengthen the effect of our innovation engagements by scaling our operations.

- Ensure that the Finder continues to expand its reach by working with other countries and regions to establish their own innovation platforms, connected through our hub in Israel.

- Continue to generate and publish meaningful insights on sector-specific innovation trends, based on Finder data.

The SNC team is grateful for the generous support we receive from a small and dedicated group of donors whose vision constantly guides us. Our Board – Terry Kassel (Chair), Paul Singer, Dan Senor, Myron Kaplan, and Raphael Ouzan – continues to dedicate time and expertise to help us remain strategic, laser-focused, and efficient. We are deeply grateful to our generous partners: The William Davidson Foundation, The Bernie Marcus Foundation, The Russell Berrie Foundation, Haim Saban, Poju Zabludowicz, and Leo Noé and The Kemach Foundation for their support. Finally, SNC is greatly helped by the talented team at The Paul E. Singer Foundation. We are very excited about our mission, and with this combined force behind us we are on track to have an even stronger 2018.

Sincerely,

Professor Eugene Kandel

START-UP NATION CENTRAL ENGAGEMENTS

Highly-customized engagements connect businesses, governments, and NGOs to innovation that catalyzes collaborative efforts and strengthens the Israeli innovation ecosystem

START-UP NATION CENTRAL ENGAGEMENTS

In 2017, SNC hosted 51 engagements, curated content visits, typically two to three days long, targeted at client needs. The quality of these engagements and the impact they generate continues to grow.

We strive to create long-term relationships with overseas clients as well as within the local ecosystem. Our increased recognition has forced us to become even more selective about the engagements we accept. In 2017, we turned down a growing number of engagement requests, choosing only those most likely to generate meaningful, long-term impact on the ecosystem.

SNC led an increased number of other interactions, including:

- **Innovation segments** targeting client needs in a half-day or less in Israel.
- **Signature SNC ecosystem briefings** for high-level audiences.
- **Educational program talks** for student groups.
- **Extraordinary SNC-initiated projects** targeting specific ecosystem needs and those of a large audience and/or meeting strategic goals.

ENGAGEMENTS AT A GLANCE

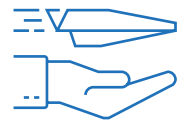**51** Engagements

38 Innovation segments

153 Educational programs talks

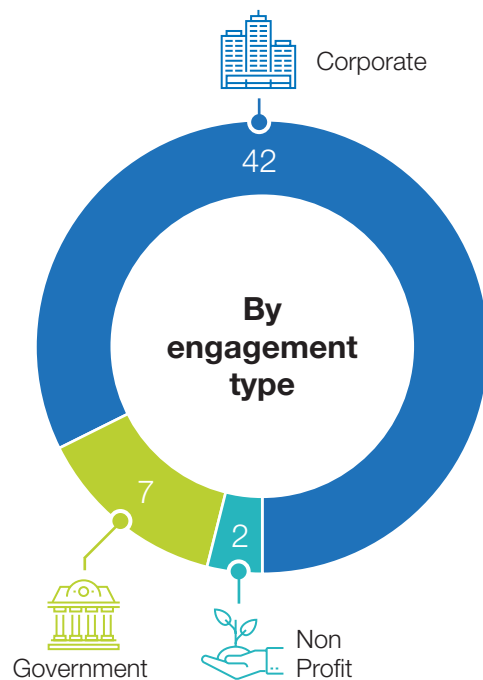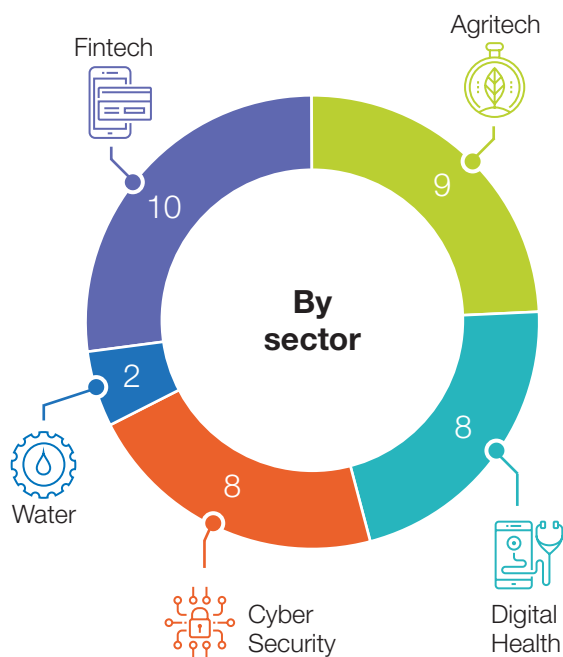**104** Ecosystem talks

13 Extraordinary projects

Our clients met with **236 start-ups** and held **106 meetings** with industry experts and investors

By sector

- Fintech 10
- Agritech 9
- Digital Health 8
- Cyber Security 8
- Water 2

By engagement type

- Corporate 42
- Government 7
- Non Profit 2

HIGHLIGHTS: **INDUSTRY ENGAGEMENTS**

AIG is an American multinational insurance corporation with operations in more than 80 countries and jurisdictions. SNC hosted a delegation led by the Chief Executive Officers of AIG's Consumer and Personal Insurance business units. SNC introduced the CEOs to companies, industry leaders, and investors in the Fintech sector. As a result of SNC's activities, AIG is exploring the possibility of expanding its activity in Israel to include an innovation center.

Follow-up:

- Four companies are conducting Proofs of Concept (POCs).

- A commercial agreement was signed with an Artificial Intelligence-powered research engine provider.

- The team expressed interest in expanding the local AIG sales office to include innovation.

AgroTerra Group operates 32 farms in Central Russia, as well as five grain elevators and twelve long-term storage facilities.

SNC hosted a delegation led by the Managing Director of AgroTerra Group and NCH Capital. SNC introduced the delegation to a variety of Agritech and Security solutions.

Follow-up:

- AgroTerra conducted large-scale POCs with two Israeli Agritech start-ups, Taranis and Smart.

- SNC continues to introduce AgroTerra to Israeli partners and facilitate ongoing communications with the local ecosystem.

An international retail and multinational corporation headquartered in France, the Auchan Group is one of the world's largest principal distribution groups with a presence in 16 countries and over 300,000 employees.

SNC hosted Auchan's Chief Innovation Officer and Chief Curiosity Officer (the latter is a member of the Mulliez family which owns Auchan Group). SNC introduced the group to retail technology and client engagement tool companies, as well as a number of multinationals that operate in Israel. These helped illustrate the different models that are used locally.

Follow-up:

- Two Israeli companies are conducting POCs.

- SNC hosted the Acticall Sitel Group, an integrated services group specializing in customer experience, also owned by the Mulliez family. The Acticall Sitel Group, headquartered in Miami, Florida, is the second largest call center network in the world with an annual revenue of $1.7 billion, 75,000 employees, and 150 offices.

- SNC, accompanied by a select group of five Israeli start-ups, will meet owners of Auchan and ten additional Mulliez Group brands, such as Decathlon and Boulanger, at the company's headquarters in Lille, France. The objectives are to showcase Israeli retail technology and increase the awareness of its strength while promoting business connections with the different brands.

- SNC will continue to strengthen its relationship with the Mulliez family in order to expose the Group's companies to relevant Israeli technologies.

HIGHLIGHTS: INDUSTRY ENGAGEMENTS
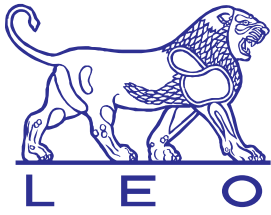
A leading Danish pharmaceutical company with a presence in over 100 countries, Leo Pharma is renowned for decades of research and development aimed at delivering products and solutions to people with skin conditions.

SNC hosted the Chief Medical Officer and Head of LEO Ventures Fund for a two-day visit — Leo Pharma's first visit to Israel. The team came seeking innovation in the Digital Health sector and more specifically, in skin care solutions. SNC introduced Leo Pharma to the local ecosystem, including leading Digital Health companies, investors, and industry leaders. SNC also presented different models employed by multinationals operating in the local market and examples of other pharmaceutical company collaborations.

Follow-up:

- SNC will continue to introduce Leo Pharma to local partners and VCs.

- In June 2017, Leo Pharma announced its intention to open an innovation center in Israel and relocate the Head of Leo Innovation Lab to Israel from Canada. The center is expected to scout for Israeli technologies and collaborate with start-ups and local investors.

COUNTRY ENGAGEMENTS

SNC advanced several projects in two target countries — Poland and the Netherlands — to promote deeper connections with the Israeli start-up ecosystem. While several important projects were successful, SNC has decided to shift its focus away from establishing a countrywide presence, as this requires substantial human resource investment and is not scalable. Instead, we have decided to focus on a single country, and promote only our strategic sectors — Digital Health, Agritech, Industry 4.0 — in that country.

India was chosen in the second half of 2017 to be the target country for 2018 activity.

Global Finder Network

In Q4 2017, SNC set the strategy and goals for the Global Finder Network — a series of mapped innovation hubs brought together into one network centered in Israel — and built out the frameworks for collaboration. Potential partners in other countries will build centralized innovation platforms using the Finder's innovation mapping methodology, manage their own databases of companies, create customized innovation reports, and connect directly with key companies in their country or region while being open to the world. SNC and its partners will help countries become members in what we believe will become a truly global network based on a proven platform. In 2018, we will push this out aggressively into several countries.

POLAND

In the global landscape of complex and changing economies, bilateral innovation collaborations and activities can bring about real economic impact. Such a collaboration between Poland and Israel will leverage the strengths of both countries and enhance the speed, scale, and impact of their development while bringing the countries closer together.

- **Co-Innovation Program** – SNC partnered with the Polish government Innovativeness Creator Program aimed at Polish and Israeli entrepreneurs looking to establish ventures based on the needs of key Polish market players. SNC finalized the framework of the co-innovation program and is now finalizing engagement with potential partners.

- **Wolves Summit** – SNC partnered on this large conference targeting the start-up ecosystem in Poland, integrating and presenting content on Israeli innovation. The Israeli sessions were covered by local media.

- **Warsaw Chamber of Commerce (KIG) - Young & Innovative Forum** – SNC partnered with the KIG and the Israeli Embassy in Poland on a government-supported ecosystem event focused on Israel.

- **Ninth European Economic Congress** – SNC partnered with the Israeli Embassy in Poland to include content on Israeli innovation, for the first time, in a leading government and corporate economic event in the region (referred to as "the CEE Davos").

- **Journalist Delegation to Israel** – SNC brought a delegation of seven top Polish journalists to Israel. The journalists spanned multiple sectors and represented the largest national newspapers including print and internet, radio, and magazines. Their visit offered a first-hand look at Israeli innovation, with the goal of promoting our ecosystem in Poland.

Traffic data on Finder compared to 2016
(originated from Poland)
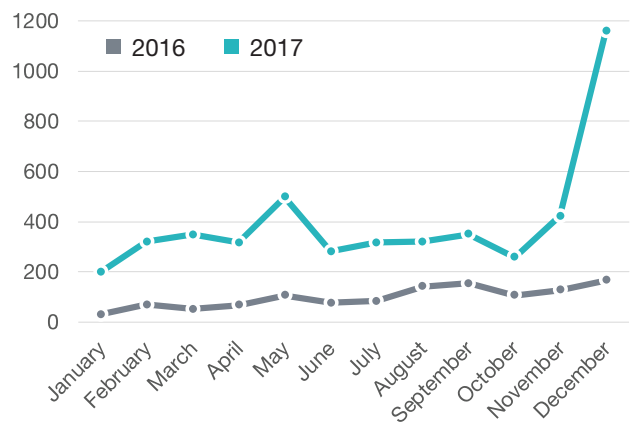
NETHERLANDS

Israel and the Netherlands are two relatively small countries, both well known for their talent, entrepreneurial spirit, innovative technology, and business solutions in companies, start-ups, universities, research organizations, and hospitals. We believe that collaboration around innovation and technology could enhance the economic productivity of both countries, sustain their leading global positions, and strengthen the relationships between countries.

- **Prince Constantijn and StartupDelta** – SNC hosted the Dutch StartupDelta innovation hub to discuss potential synergies between Israel and the Netherlands. Discussions held in partnership with the Israel Dutch Innovation Center (IDIC) focused on a potential partnership for the Global Finder Network.

- **UAV Expo Europe Conference in The Hague** – SNC partnered with the IDIC to send a delegation of Israeli companies to this leading conference on un-manned aerial vehicles.

- **Rotterdam Port Conference** – SNC partnered with theDock Innovation Hub (Israeli port technologies accelerator) Innovation Center to send a delegation of Israeli entrepreneurs to this leading conference on port and maritime technologies in Rotterdam. The Israeli teams competed in a conference hackathon in which SNC and theDock team took first place.

- **Cyber Week Maritime Innovation** – SNC worked with IDIC and theDock to create a session focusing on Maritime technologies and Israel's cyber capabilities. A delegation from Rotterdam came in for the event and was hosted by SNC.

- **FCN business network delegation to Israel** – SNC hosted a delegation of 40 senior executives of large companies and investors from the Netherlands looking to invest and create partnerships with Israeli tech companies.

Traffic data on Finder compared to 2016
(originated from the Netherlands)

Legend: ■ 2016 ■ 2017
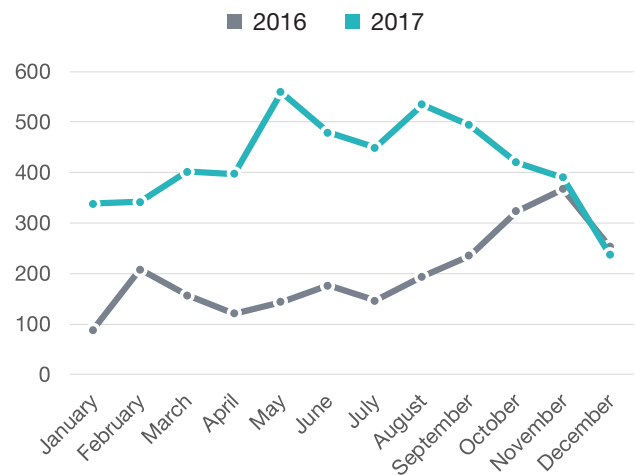
EXTRAORDINARY PROJECTS

DLD TEL AVIV INNOVATION FESTIVAL
Where Companies & Investors Meet Startups

DLD Tel Aviv Innovation Conference: During the conference, founded by Yossi Vardi, SNC highlighted Agritech — one of the organization's chosen 2017 sectors — on the Israel innovation map. Israeli Agritech and the Finder were presented to thousands of international delegates, representing the full range of ecosystem stakeholders at SNC's eye-catching booth.

ASPEN IDEAS FESTIVAL

Aspen Ideas Festival: SNC showcased some of the hottest technologies coming out of Israel at this international festival. Key activities included a highly-praised panel discussion featuring an interview with Mobileye co-founder Amnon Shashua by Dan Senor, and an SNC-hosted Israeli Innovation Tent, where Israeli start-ups, selected by SNC, presented technology demos to festival participants.

T L V in L D N

Art and Technology: The Paul E. Singer Foundation and SNC hosted a tech showcase and VIP events as part of the Tel Aviv in London ("TLVinLDN") celebration. SNC presented an array of Israeli art technologies to art patrons and London Jewish community leaders with the goal of inspiring them to connect their networks and activities to Israeli "Arttech". This was an outgrowth of our 2016 event showcasing Israeli art and tech at Sotheby's in New York City.

HUMAN CAPITAL

Working closely with the Israeli government, philanthropists, industry leaders, and non-profits to create and support scalable and sustainable solutions for the Israeli ecosystem

HUMAN CAPITAL

2017 Human Capital Highlights

The shortage of human capital is the single most significant threat to the future of Israel's tech sector. In 2017, the SNC Human Capital team worked closely with the Israeli government, philanthropists, industry leaders, and non-profits to create and support scalable and sustainable solutions for the Israeli ecosystem. Operating both strategically and tactically as a thought leader and convener, SNC is focusing on projects that:

- Supply reliable data and insights on tech human capital needs.

- Identify, train, and place relevant individuals from underrepresented population.

- Enable coordination and collaboration among different players in this field to reach the required scale as fast as possible.

2017 Human Capital Survey Report – While the existence of a human capital shortage is a known fact, the gap had never previously been authoritatively quantified and researched. SNC initiated an extensive survey, with a grant from the JPMorgan Chase Foundation, to support the establishment of a knowledge base around the specifics of the tech industry human capital shortage. The goal of this report was to empower multiple stakeholders to build impactful intervention programs and formulate data-driven policy.

The resulting report, published in December 2017, estimated the rapidly growing shortage as at least 12,000 highly-skilled and experienced tech professionals in specific areas. This lack of professionals produces undesirable effects on the tech industry, such as offshoring of tech operations and relocation of companies. Continuous monitoring of human capital needs is essential to enabling the development of efficient policies and solutions. Following the success of the 2017 report, we will join efforts with the Israeli Innovation Authority on the 2018 report.

Government Collaboration – SNC is working closely with the government to create broad initiatives to tackle the human capital shortage on a macro level, routinely holding ongoing discussions with ministries and high-level government officials on the topic. In 2017, SNC advised the government on the Human Capital Shortage Resolution, aimed at increasing the number of relevant graduates by 40% in five years. As a result, SNC was asked to join the committee to implement the decision within the Israeli Council of Higher Education, which funds Israeli higher education. SNC is also a member of a Ministry of Labor committee on the future labor market and its consequences.

Training Course Pilots – In December 2017, SNC initiated a designated coding academy for under-represented populations, in cooperation with Elevation Academy and with the help of a grant from the JPMorgan Chase Foundation. The goal of the program is to determine the efficiency of placing under-represented populations in high-tech companies through intense, short-term, non-academic studies. Half of the participants in the fully-sponsored course were below the poverty line. Two-thirds were women and one-third were either Orthodox Jews, Israelis of Ethiopian descent, or Israeli Arabs. A second cohort of the academy will launch in Q2 2018.

Placement Platform – The Israeli tech industry is a close-knit network comprised of people who know each other from the military or higher education institutions. Outsiders find it difficult to penetrate this network and find quality employment. Whereas a large number of NGOs focus on enabling access to under-represented populations — women, Arabs, ultra-Orthodox Jews, Ethiopians — they are often unable to scale their operation to expose candidates to a wide spectrum of companies. Another challenge is the ability of these NGOs to engage large numbers of employees in the tech industry on an annual basis.

SNC conducted an in-depth research project, mapping the operation of these NGOs, their processes, and placement capabilities. Based on the survey, SNC identified the need for an online platform to efficiently match hundreds of job seekers with places of employment. SNC is building this platform in partnership with with ICV — a skills-based employment "matchmaking" platform. During Q1 2018, SNC piloted the platform with a group of selected NGOs, and will gradually expand its reach over the course of the year.

Jerusalem Pilots – In 2017, the Russell Berrie Foundation proposed collaborating with SNC to find methods for integrating Jerusalem-based Arabs and ultra-Orthodox Jewish women who studied computer sciences into the high-tech industry. Preliminary research was conducted to understand the situation and assess the feasibility and potential of such a program. The result is a holistic solution to bridge the gaps these populations face with the continuous involvement of employers. This program includes customized testing and selection, computer boot camps, and 21st-century skills training. The project will be launched in Q3 2018 and will span a three-year period. Leo Noe and The Kemach Foundation have also become important partners in the process of creating an efficient and scalable solution.

IDF-Related Programs – It is well established that the IDF is a major talent pipeline for the Israeli high-tech industry. In 2017 SNC established close working relationships with leading entities in the IDF including the 8200 intelligence unit. These relationships resulted in several program proposals, such as increasing women's access to technological positions in these units and creating career counseling aimed at promoting the tech sector as an attractive career choice for newly-discharged soldiers.

FOCUS ON SECTOR DEVELOPMENT

By identifying and articulating international challenges and pain points, SNC enables Israeli ecosystem stakeholders to generate relevant solutions

FOCUS ON SECTOR DEVELOPMENT

Based on extensive research, SNC chose to focus on three strategic sectors in 2017: Digital Health, Agritech, and Industry 4.0. The goal in each sector is to reduce the gaps and challenges Israeli companies face when collaborating with multinational corporations and international ecosystems.

SNC created Sector Maps — visual landscapes portraying leading technologies — which quickly became an invaluable and sought-after asset for corporations, investors, and entrepreneurs in Israel and abroad.

INDUSTRY 4.0

Our research revealed the robust and growing activity of Israeli tech companies operating in Industry 4.0. Together with our Board, we have approved Industry 4.0 as our third strategic sector. Industry 4.0 encompasses technologies that aim to connect physical industrial assets with digital insights, while digitizing the entire production chain.

Companies and technologies targeting this sector view industrial verticals such as manufacturing, energy, construction, and oil & gas as their main target markets. SNC's initial work included building partnerships in the local ecosystem and mapping the sector in the Finder.

ISRAELI INNOVATION: INDUSTRY 4.0
THERE ARE OVER 150 INNOVATIVE INDUSTRY 4.0 START-UP COMPANIES IN ISRAEL

DIGITAL HEALTH

Our efforts in Digital Health focused on narrowing the knowledge gap for Israelis about the U.S. healthcare system, exposing Israeli Digital Health technologies globally, and promoting Israeli government Digital Health policies. Highlights included:

- A six-month research project with the PwC Health Research Institute to provide local entrepreneurs with a comprehensive Digital Health toolbox to help start-ups navigate the U.S. healthcare system. The resulting report, *From Start-Up to Break-Through, A Comprehensive Toolbox for Digital Health Start-Ups*, is a collection of guidelines, tools, and survey data, created to help Digital Health start-ups overcome barriers and fill in essential knowledge gaps. It was released at an event attended by more than 100 entrepreneurs, VCs, and incubator representatives from the full spectrum of the ecosystem.

- SNC developed a two-day in-depth workshop for leading Israeli Digital Health companies, delivering content and knowledge about the U.S. healthcare system structure, needs, and incentives. Key opinion leaders from the U.S. were invited to review, present case studies, and offer tangible tools on different aspects of U.S. healthcare.

- SNC hosted productive, well-attended meetings with Digital Health stakeholders, including Mount Sinai Hospital, Henry Ford Health System, Athena Health, and Amgen. The events exposed the Israeli ecosystem to leading U.S. players.

- The Israeli government announced that Digital Health will be the next growth engine and is finalizing a national plan to promote companies in this sector. SNC serves as a leading resource and thought leader to the Israeli government in mapping the existing landscape and barriers and providing potential solutions. SNC is also taking an active role in specific governmental committees aimed at regulating access to medical data.

Digital Health events and conferences:

- SNC exposed Israeli Digital Health solutions to a variety of global players at the Digital Health Symposium (a full-day track) at BioMed, the largest Life Science conference in Israel. Among the speakers were representatives from Samsung, Mount Sinai Hospital, MetLife Singapore, and others.

- For the fourth year, SNC was part of the DigitalHealth.il organizational team. DigitalHealth.il, the leading Israeli Digital Health ecosystem conference, enables meetings and connections between early stage start-ups and leading multinational companies. Among the speakers were executives from Intermountain Health and Kaiser Permanente.

- SNC hosted a Digital Health panel breakout session during the annual AIPAC Policy Conference. Leading Israeli Digital Health entrepreneurs discussed opportunities in the U.S.-Israel space in front of more than 400 enthusiastic attendees.

ISRAELI INNOVATION: DIGITAL HEALTHCARE

THERE ARE MORE THAN 450 INNOVATIVE DIGITAL HEALTHCARE COMPANIES IN ISRAEL

AGRITECH

SNC focused on promoting the Israeli ecosystem locally and globally, deepening Israeli knowledge of global markets, and connecting Israeli start-ups to global players. 2017 highlights included:

- Publication of a whitepaper summarizing key findings from the Wikistrat report. Wikistrat is an Israeli company that provides geostrategic analysis and crowdsourced consulting. The report identifies the challenges India's agriculture sector is facing today. Our goal is to highlight Israeli solutions that can be used to help India in coping with these challenges, while offering strategies for Israeli companies to penetrate India's agriculture sector.

- Hosting of four events to strengthen the Israeli Agrifood Tech community, while introducing global needs and funding opportunities to the local ecosystem. Participants included United Soybean Board, RWA, and Holland & Knight.

- Creation of the Agritech sector map, visual landscape portraying Israeli Agritech, in partnership with GreenSoil, a local Agritech-focused VC fund. The Agritech landscape map was also published on AgFunder.com (one of the most important online trade sites) with an SNC-authored article, which was the fifth most-read article on the site in 2017.
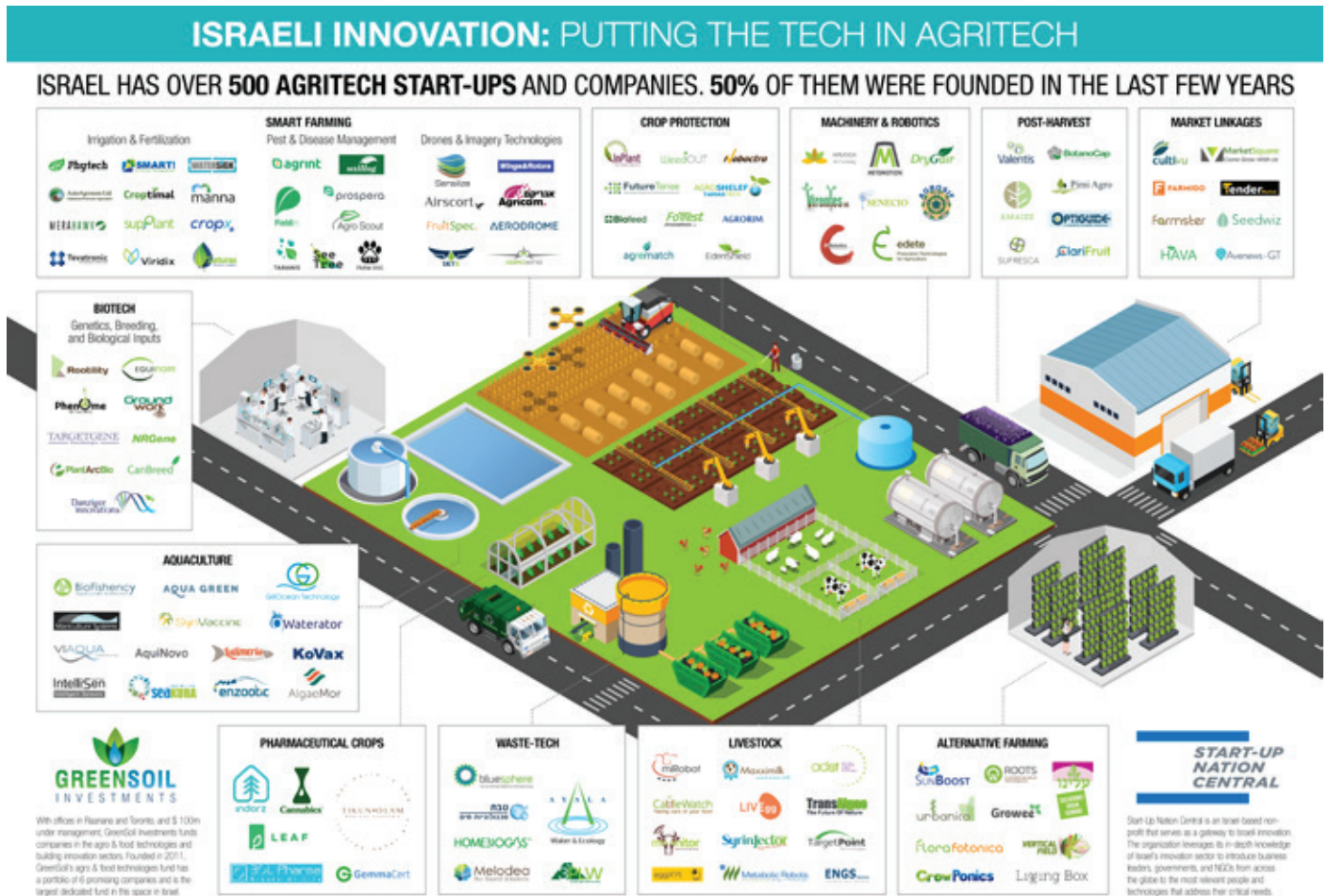
This publication led to many interactions, including one that resulted in an engagement with Migros, Switzerland's largest retail company. Migros continued interacting with seven of the Israeli start-ups introduced to them by SNC. Migros has since begun pilots or had meaningful follow-up with six of these.

- Release of the Israeli Agritech *Start-ups Punching Above their Weight in Ag Biotech, Smart Farming* report in November 2017. The report emphasizes that Israel, though small in population and relative funding, receives an outsized amount of investment for its population, raising more than $8 per capita compared to $5.8 per capita in the U.S. Other categories in which SNC sees a bright future for Israeli Agritech include machinery, robotics, and drones.

Agritech events and conferences:

- SNC was an active participant in the Global AgInvesting Conference in Boston, which attracted over 200 Agritech-related corporations and investors. Our session raised awareness of Israeli Agritech and generated promising follow-up.

- SNC hosted a special exhibition showcasing eight Agritech start-ups at the DLD Tel Aviv Innovation Festival. The exhibition raised awareness of the Agritech ecosystem and provided opportunities for Agritech start-ups to meet relevant corporations and international investors.

- SNC sponsored the Agrifood Tech vertical at the Tel Aviv University Innovation Conference in partnership with The Kitchen, a local incubator led by Alpha Strauss. The session raised awareness in the general tech community about the potential of the Agrifood Tech sector.

Landscape was updated in April 2018

ISRAELI INNOVATION: PUTTING THE TECH IN AGRITECH

ISRAEL HAS OVER **500 AGRITECH START-UPS** AND COMPANIES. **50%** OF THEM WERE FOUNDED IN THE LAST FEW YEARS
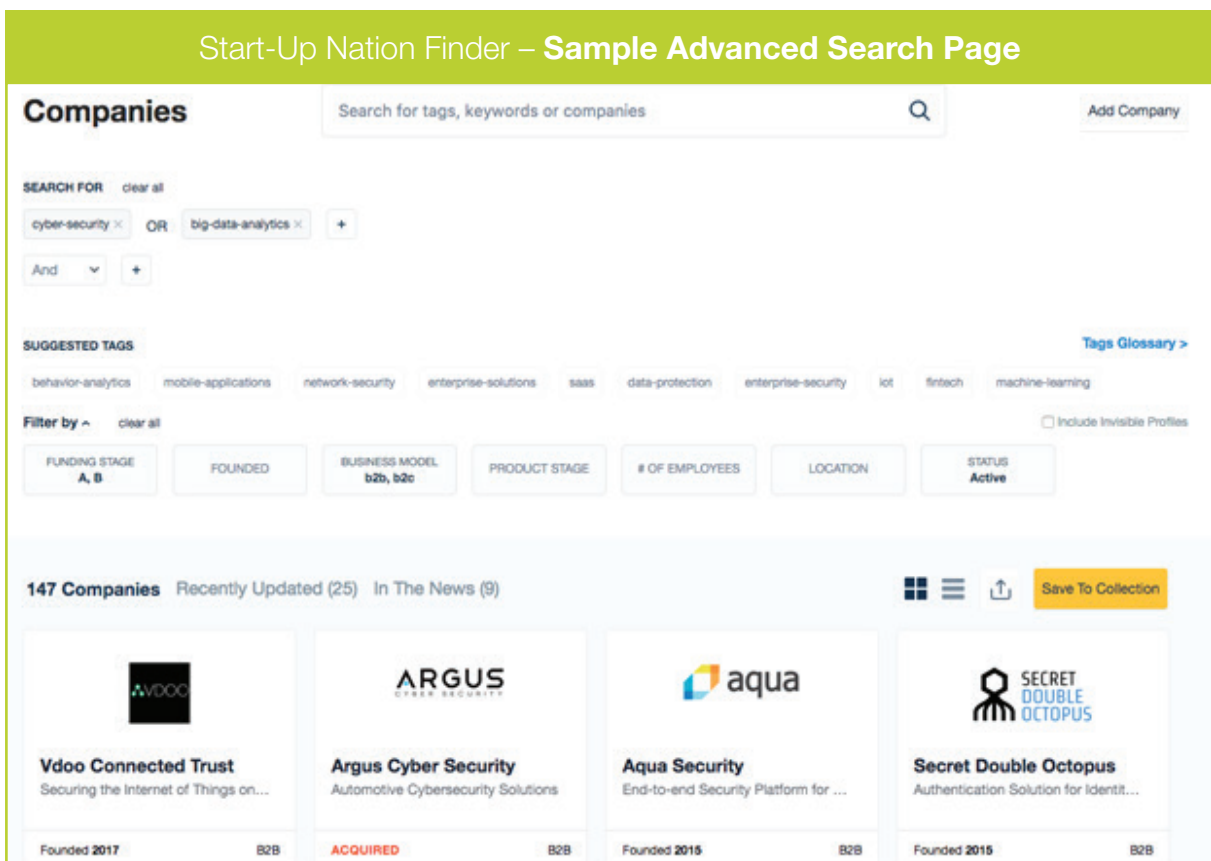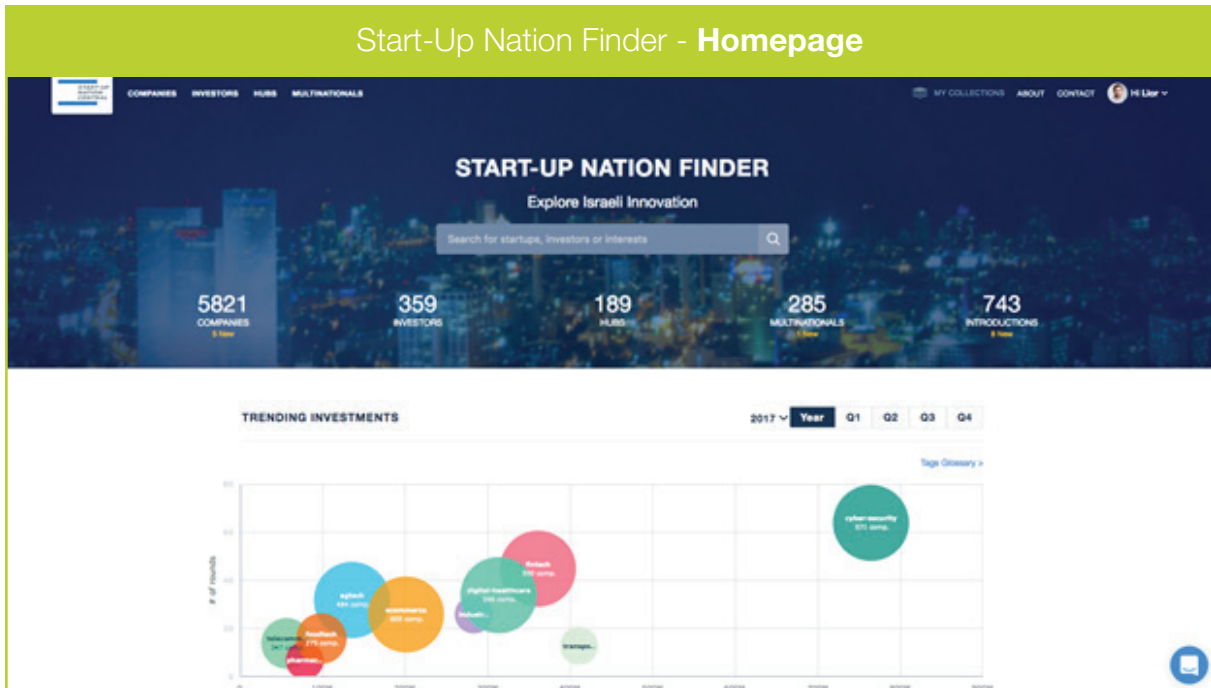
START-UP NATION FINDER

An incomparable vehicle for providing the global community with information to efficiently access and navigate the Israeli innovation ecosystem

START-UP NATION FINDER 2.0

In September 2017, SNC launched Finder 2.0, the most significant release of the Finder platform since its inauguration in April 2014. Finder 2.0 offers the global community all the information it needs to efficiently access and navigate the Israeli innovation ecosystem.

The main focus of the release was the creation of a new platform. User Interface (UI) and User Experience (UX) were significantly enhanced to ease the onboarding of new users and streamline the user experience. New features include: angel investor data, company timelines, an adjustable homepage, an advanced search page, personal portfolio, and a mobile-friendly site.

Since the launch of Finder 2.0, the platform has served users from 85 countries and active time per session is up by 70%. Each page provides a dynamic representation of an entire company life-cycle as well as publicly known investment information.

Start-Up Nation Finder - **Homepage**

Start-Up Nation Finder – **Sample Advanced Search Page**

Start-Up Nation Finder – **Sample Company Profile Page**

USER FEEDBACK HAS BEEN ENTHUSIASTIC:

" It looks great! It feels very professional and yet the UI is very friendly and inviting. **"**

Director, Service and Data Management Division, Foreign Trade Administration

" Just wanted to drop a note and congratulate you on the new website layout. Extremely informative and great UI — I love the graphics showing investment, company screenshots, and relevant news! **"**

UK Israel Tech Hub

" First, the new look is really nice! it looks much more mature and professional. **"**

Director of Sales, Shield FC

" The timeline is excellent UX. Keep it. **"**

Head of Platform, Aleph VC

FINDER IN NUMBERS

2.1M
page views
100% increase from 2016

>721K
sessions
152% increase from 2016

>470K
unique visitors
182% increase from 2016

In 2017, **almost 60% of users came from other countries** — a large change from 2016. The largest share of the users came from:

41%
Israel

20%
United States

5%
India

3%
United Kingdom

31%
other countries

RESEARCH AND ANALYSIS TEAM

Supports Start-Up Nation Central activities through targeted research on companies, individuals, and organizations in Israel and around the world

RESEARCH AND ANALYSIS TEAM

The R&A Team supports SNC activities by leading targeted research projects on companies, individuals, and organizations in Israel and around the world, and by publishing in-depth insight on multiple aspects of the Israeli innovation ecosystem. The R&A Team also populates the Finder platform, collects insights from opinion leaders, analyzes data, and detects trends.

SNC receives data from several Israeli VCs (e.g. Glilot, TLV Partners) and service providers (e.g. KPMG). Each of these datasets contains information on dozens of companies, which serve to enrich the quality of Finder data. These data collaborations are part of a growing relationship with the Israeli innovation community. The R&A Team also works with municipalities in Jerusalem, Tel Aviv, and Haifa to compare and improve information about each city's local start-up ecosystem.

In response to increased internal SNC demand for research to support its activity, the R&A Team developed methodologies to streamline report writing and Finder data analysis. Towards the end of 2017, the R&A Team implemented an organizational change, creating two sub-teams:

- **Finder Data and Information Team** – focused on improving Finder platform data and information quality.

- **SNC Research Team** – focused on analysis, insights, and creating SNC reports on a range of topics. In addition to improving SNC understanding of the ecosystem, these reports position SNC as a local and international thought leader.

In 2017, SNC was recognized as a source of knowledge for our clients and the innovation ecosystem at large through the publication of briefs, landscapes, and insightful presentations. Progress was particularly evident in Digital Health, Agritech, Cyber Security, Fintech, and Watech (water technology).

In 2017, the Research Team published its first sector report series on Cyber Security, Digital Health, and Agritech. These reports will be published on an annual basis.

- **Finder Insights:** *Cybersecurity Industry Report, 2016 Review and Trends* reviews the most salient 2016 global cybersecurity incidents and trends. It also provides a comprehensive overview of the status of the Israeli Cyber Security sector and its performance. The report outlines current fundraising trends, exits by Israeli Cyber Security companies, and analysis of different subsectors and how they correspond with global trends.

- **The State of Digital Health in 2016**, *An Analysis of the Israeli Digital Health Sector* presents an overview of the Israeli Digital Health sector and the direction in which it is headed. The report contains a detailed analysis of recent investments and identifies the predominant sector trends, Israel's participation in global Digital Health trends, and the latest developments in the Digital Health community.

- **Israeli Agritech**: *Greater Technological Innovation Today, An Enticing Carrot for Global and Local Investors* provides insights into the latest developments in the Israeli Agritech sector, including information about the fastest and most financially attractive sub-sectors. Israeli Agritech is rapidly developing solutions for some of the world's top agricultural challenges using a highly skilled yet relatively inexpensive labor force, which is an opportunity for investors and farmers alike.

2017 RESEARCH TEAM ADDITIONS TO THE FINDER PLATFORM

1,642 new companies were researched, some remained in stealth mode, and 1,160 were added to Finder

39
New VC and corporate VC investors

86
New angel investors
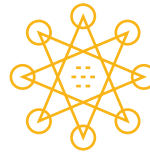
46
New hubs

60
New MNCs

Overall, the Research Team updated more than **10,000 profiles** and completed **190 research assignments** including:

104
Custom recommendation lists of Israeli innovative companies

46
Internal reports

35
Data analyses projects

4
External reports

Numerous ad hoc research projects

MARKETING

Positioning Start-Up Nation Central as the starting point for investors and multinational corporations seeking Israeli innovation

MARKETING

The SNC marketing team grew during 2017 and took on additional responsibilities. The main marketing directive was to build multi-layered plans, including long-lasting actions and assets, with the overall goal of creating impact and positioning SNC as a key information source.

2017 marketing efforts had two distinct focuses:

- **Globally** positioning SNC as the starting point for investors and multinational corporations seeking Israeli Innovation.

- **Domestically** exposing local start-ups and their proficiencies to other players in the Israeli ecosystem, making information more accessible.

The year began with the addition of a dedicated marketing team member focused on the development of methods to address specific sector needs and increase impact strategies. Much-needed tools such as overview decks, improved collateral, and in some cases, specific assets such as market maps were created for the 2017 strategic sectors. All collateral and tools were created with a synchronized underlying message and uniform "look and feel." SNC has received consistent praise for the quality of these tools, presentations, papers, and reports.

Throughout the year, SNC also sponsored a number of events which created business opportunities for start-ups, exposed Start-Up Nation Finder as a useful tool, and generated leads for further dialogue.
Local events such as Tel Aviv University's StarTAU, DLD, and

WATEC showcased Israeli Agritech, enabling Agritech start-up Hargol to win two start-up competitions against better-known Cyber and Fintech start-ups. Smart sponsorship allowed SNC to shine at the GAI AgTech Week in Boston. The SNC Israeli innovation session was continuously mentioned and referred to by different speakers throughout the event.

2017 also saw growth in SNC's digital marketing reach. A new website, which matches SNC's look and feel with its place in the innovation ecosystem, was launched. The new website is one channel on which all of the content created by SNC is visible and easily accessible. This information is also distributed through digital campaigns.

Blog traffic — most of which was organic — grew by 650% without any digital marketing assistance. A digital campaign launched in December 2017 boosted blog traffic by an additional 210%. During 2017, approximately half of all blog traffic came from outside of Israel. Of these interactions, 15% moved on to explore Israeli innovation on Finder.

The SNC Twitter account, engaging influential experts and stakeholders in our target industries, has over 7,500 followers and growing. Direct communication channels, such as email blasts, saw an open rate of 53% and a click-through rate of 24%, which is substantially higher than the market average for the non-profit sector (22% and 2% respectively).

COMMUNICATIONS

Media coverage establishing Start-Up Nation Central as the go-to source for data on the Israeli innovation ecosystem

COMMUNICATIONS

SNC was pleased to welcome Amir Mizroch as Director of Communications in July 2017. Amir joined SNC after working for many years in journalism and media strategy, most recently as the Technology Editor of *The Wall Street Journal Europe* in London, and later as a communications consultant to major tech companies.

Our new communications strategy aims to promote Israeli innovation, as well as strengthen SNC's reputation as a facilitator and leader in this capacity. As part of the strategy, SNC established a tech press pool comprising a dozen local and foreign journalists covering tech and business in Israel. The group attended a special briefing at SNC headquarters where they learned about Finder 2.0. This led to local media coverage and established SNC as the go-to source for data on the Israeli innovation ecosystem.

SNC has entered into a collaboration entitled "DataNation" with *TheMarker*, Israel's most influential Hebrew language business publication. As part of this collaboration, the SNC Communications Team writes a story every few weeks based on insightful Finder data, and in cooperation with *TheMarker* newsroom. With more than ten articles already published, DataNation — which is now being published in English — is becoming a regular media fixture that adds credibility to SNC in the Israeli ecosystem, especially among young tech founders and employees.

The SNC Communications Team released reports based on Finder data, which were picked up by the media. Data about pharmaceutical technology in Israel was used by the Editor-in-Chief of *The Jerusalem Post* for an article on how the demise of the Israeli pharmaceutical giant Teva could spark innovation in the Pharmtech sector. SNC's Agritech report was widely picked up, as was SNC's VC investments report.

Toward the end of the year, SNC hosted a delegation of Polish journalists in Israel. Numerous articles were published by the Polish media since the visit, including one which calls on Polish government officials to learn from the Israeli example. Several journalist delegations from other countries are planned for 2018.
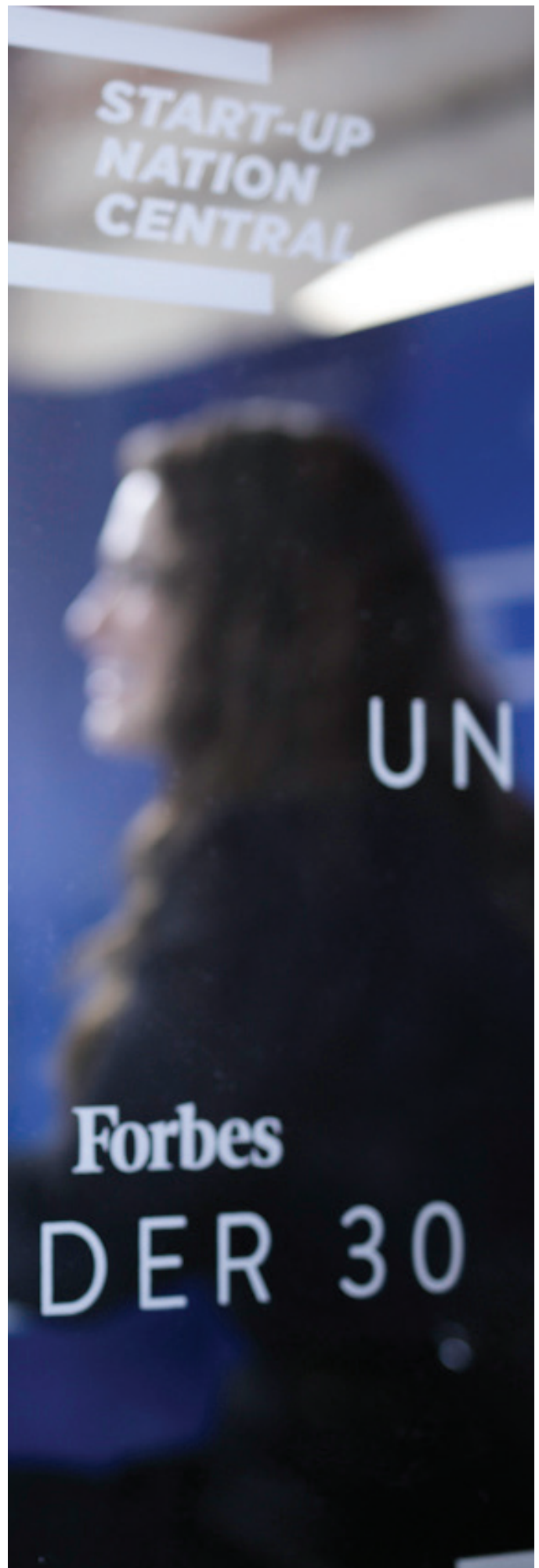
START-UP NATION CENTRAL JERUSALEM

Strengthens and advances the Jerusalem technology sector while serving as a pilot for the development of regional innovation ecosystems.

START-UP NATION CENTRAL JERUSALEM

SNC's Jerusalem operation is aimed at helping to strengthen and grow the Jerusalem technology sector, as well as serves as a pilot for the development of a regional innovation ecosystem.

SNC engaged Jerusalem-based ecosystem leaders in more than 25 in-depth interviews, which were combined with extensive data analysis to produce an insightful report on the challenges and opportunities facing the city's innovation ecosystem. This report was presented to Jerusalem Mayor Nir Barkat and his top advisors, as well as the leaders of the Jerusalem ecosystem. The report identified several important steps required for the success of this ecosystem, some of which were launched in the second half of 2017:

- Increasing exposure of corporations, investors, and government leaders from around the world to the city's tech sector.
- Amplifying the global marketing story about Jerusalem's technology ecosystem.
- Establishing a coordinated strategy for scaling the city's ecosystem in partnership with key stakeholders from the Jerusalem tech sector.

HIGHLIGHTS

In 2017, SNC hosted 38 Jerusalem-based events with innovation content including:

- Innovation showcase for visiting NFL Hall of Fame players.
- Full-day tech conference for leading Chinese CEOs.
- Meeting with Democratic and Republican members of the U.S. Congress, who were in Israel on an American Israel Education Foundation mission.
- Meeting with a Chicago-based group of VCs and business people, led by the Chicago Council of Public Affairs.
- Event with a group of Hollywood tech executives, led by the Washington D.C.-based nonprofit Backstory.

One of the significant challenges that arose from the report on Jerusalem's tech sector was the lack of connectivity between Jerusalem-based companies and VCs from other parts of Israel, mainly Tel Aviv. This creates serious funding challenges for the city's start-ups.

SNC invited a busload of Tel Aviv-based VCs to spend a day in Jerusalem, during which they met an array of start-ups, and learned about the city's rich ecosystem. We believe that visits like this have the power to create relationships with Tel Aviv-based VCs, who will begin to see Jerusalem start-ups as part of their deal flow.

At the end of the year, SNC launched the Jerusalem Tech Forum, tasked with coordinating a cohesive strategy for the Jerusalem ecosystem in collaboration with the municipal government. Some 24 dominant stakeholders — including founders, heads of Tech Transfer Offices (TTOs), VCs, and heads of accelerators — participated in the first gathering. Three main challenges were identified, and task forces were set up to work in parallel on targeted projects to address them. The challenges are: human capital supply for the city's tech companies, branding efforts for Jerusalem tech companies, and connecting academia and industry.

SNC ran several programs aimed at improving founders' skill sets: presentation skills training for BioJerusalem (to support the city's strong Biotech sector), an email writing workshop for the MassChallenge cohort, and a lecture by a well-known marketing expert.

The highlight among these programs was the launch of a series of events called *Jerusalem: Where Tech Meets Design*, aimed at promoting Jerusalem's unique assets as the home of a strong design community (including many graduates of the Bezalel School of Art and Design), and a flourishing tech community. The 2017 *Tech Meets Design* series included two events dedicated to the role of design for tech companies and a UX-course, co-sponsored by New Spirit, and NGO which encourages young professionals to stay in Jerusalem.

POLICY

Influencing policymakers on topics relevant to the development of the innovation ecosystem over the next decade.

POLICY

SNC's policy efforts are focused on influencing the thinking of the Israeli government on topics relevant to the development of the innovation ecosystem over the next decade. The initial success of the Israeli ecosystem created a sense of complacency, which SNC is trying to reduce by pointing out challenges, such as drastically increasing competition from various innovation hubs around the world, aggressive local government policies, shortage of human capital, and insufficient research funding. SNC facilitates the adoption of important government resolutions by acting as a thought leader and knowledge creator when relevant. SNC's professional standing, its government and industry reputation, and its objective voice, make it a perfect convener with which the government can consult. SNC works closely with relevant government and the industry stakeholders to tackle the biggest challenges facing the innovation ecosystem.

- **"Whole companies"** – one of the biggest challenges facing the Israel ecosystem is the lack of whole companies, which are companies that maintain their entire value chain in Israel (marketing, sales, etc.), and are not based solely on R&D employees. The fact that most companies maintain only R&D activity in Israel is a strategic threat to the ecosystem for two reasons. First, it creates growing economic gaps between the innovation and general economies. Second, is the fact that there are strong external forces which can impact greatly on Israeli companies if they do not have strong roots. SNC is working in partnership with leading Israeli growth companies on a broad regulatory reform, which will lay the infrastructure and provide incentives for tech companies to grow in Israel.

- **Regulatory environment** – SNC's goal is to improve the regulatory environment surrounding the ecosystem, by making it more predictable, competitive, effective, and less bureaucratic. One of main areas of focus is foreign investor tax policy for VC industry investors. SNC is working closely with the government to develop a new regulatory regime for foreign investors, essential for the VC industry to continue to flourish.

- **Long-term strategy** – SNC is working closely with the government to create broad initiatives to tackle strategic challenges that the sector will face in the next decade. SNC is involved in ongoing discussion with high-level Israeli government officials and regulators to address:

  - The lack of a single government body that can see the big picture, generate overall priorities and strategic vision, and quickly respond to rising challenges;

  - Macro-level chronic human capital shortage;

  - A shortage of basic research funding, which undermines the creation of future centers of excellence;

  - A lack of financing infrastructure that could channel Israel's vast pension savings into the tech industry for their mutual benefit.

AND ON TO 2018!

During 2017, SNC expanded its reach and impact in a variety of areas.

Our efforts centered around three main pillars, all of which help the Israeli innovation sector to grow and expand.

Gathering and creating knowledge about the Israeli innovation sector to identify global challenges and opportunities.

Connecting the world to Israeli innovation and creating connections among Israeli innovators to catalyze the development of solutions to these challenges.
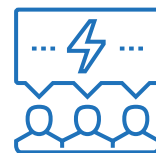
Anchoring Israeli innovators so that innovation becomes an even more effective force in advancing Israeli economy and promoting our country's world standing.

All of our activities fall within one of these areas, which naturally reinforce one another. This strategy has been successful and impactful, but there is still much room for growth. In 2018, we will raise the impact and efficiency bar — focusing on a bold approach to utilizing the ever-growing challenges and opportunities that we face. We look forward to keeping you informed as our next chapter unfolds and receiving your input on our work.

AXA is a French multinational insurance firm that engages in global insurance, investment management, and other financial services.

Led by AXA Chairman of the Board and CEO, this visit was the culmination of a year-long partnership between AXA and SNC. The visit included an SNC-hosted cocktail event attended by leaders and industry experts from the Israeli high-tech ecosystem, which created an opportunity to meet the leading stakeholders in Israel's start-up economy.

Outcome:

- AXA partnered with Jerusalem Venture Partners to launch an Insurtech competition with a $1 million investment prize.

- Kamet, an Insurtech start-up studio funded by AXA, recently established an office in Israel. Five Israeli start-ups have joined the studio, and this number is expected to grow to 12 within a year.

- Kamet is collaborating with several Israeli start-ups and has invested in one, as they actively search for additional collaborations.

Haier Group Corporation is a Chinese multinational consumer electronics and home appliance company. In 2014, Haier held the world's largest market share in white goods, with a 10.2% retail volume market share.

During this two-day visit led by Haier VP Strategic Investments and VP Technologies, the delegation explored alternatives for establishing a local presence. SNC introduced participants to government representatives, VCs, multinationals, accelerators, and incubators with the goal of identifying a potential model for operating in Israel.

Outcome:

- The delegation was extremely impressed with the local ecosystem and understood that a local presence would allow them access to Israeli innovation and new business models.

- Haier recently established an innovation center in Israel — the first of seven Haier centers that will be established in leading ecosystems around the world — responsible for scouting technologies for Haier business lines in Israel. This center may be expanded to include to all of Europe.

The Henry Ford Health System (HFHS) is a comprehensive, integrated, non-profit, managed care, healthcare organization, established in 1915. Henry Ford also owns the health insurance company Health Alliance Plan.

As part of a long-term partnership, SNC hosted the Henry Ford Health System Center for Innovation for the fifth time. SNC facilitated meetings with strategic partners and start-ups from the Digital Health community and discussed strategies with for establishing an HFHS presence in Israel. SNC hosted an event for the local community at which HFHS presented its vision and possible modes of collaboration with Israeli start-ups.

Outcome:

- HFHS announced its Global Innovation Initiative, partially dedicated to the Israeli market.

- A local liaison was recruited to actively screen the market for relevant technologies and partnerships and a challenge, with a monetary prize, was launched.

- HFHS is actively searching for additional collaborations and new Digital Health technologies.

APPENDIX: **ADDITIONAL NOTABLE ENGAGEMENTS**

SAR is an India-based conglomerate with multiple lines of businesses that include water and clean energy, energy storage, and clean transportation.

SNC developed a relationship with and hosted SAR Group Founder and President Rakesh Malhotra, introducing him to a wide variety of energy, water, consumer, industrial IoT, clean transportation, and electric mobility technologies. SNC also introduced Mr. Malhotra to local hubs, research centers, and government representatives.

Outcome:

- SAR Group signed an agreement to integrate the MindoLife platform into a SAR Group-led smart home project.

- SAR Group and MindoLife are working on a future battery box collaboration that will provide electricity and internet to off-the-grid homes in India. The agreement is estimated to generate significant revenues over the next several years.

Founded in 1668, the Merck Group is a German multinational chemical, pharmaceutical, and life sciences company employing approximately 50,000 employees in 70 countries. Merck is the world's oldest operating chemical and pharmaceutical company, as well as one of the largest pharmaceutical companies in the world.

SNC hosted Merck in June 2016 and a follow-up delegation in July 2017. SNC introduced the delegation, led by the group CIO and four senior technologists, to a wide range of technologies in the Digital Health, Cyber, and IoT sectors.

Outcome:

- Following the first visit, Merck established seven POCs that led to two joint ventures with Data2life and RealView Imaging.

- A client agreement was recently signed with Illusive Networks.

- Following the second visit, Merck launched seven more POCs and signed a client agreement with Demisto, a security operations platform.

- Merck is currently in ongoing relationships with four companies and is engaged in continuing dialogue with SNC to gauge their needs and challenges.

Headquartered in the Global Water Center in Milwaukee, The Water Council is a non-profit organization that drives economic, technology, and talent development to support the global water industry. As one of the most powerful water technology hubs in the world, The Water Council convenes global water leaders and supports more than 180 members from small and mid-sized businesses and large global corporations.

Following last year's delegation of the Milwaukee Water Council executive team, SNC produced an Innovation Segment, led by Wisconsin Governor Scott Walker (R-WI). The delegation came to Israel to move forward with an active Watech collaboration between Israel and the State of Wisconsin, begun in November 2016 as a result of SNC's introductions.

Outcome:

- The Milwaukee Water Council signed an MOU with the Ben Gurion University Zuckerberg Institute for Water Research (ZIWR). ZIWR will join the Water Council's potential collaboration network of academic, industrial, and government organizations.

- The Israel Innovation Authority signed an MOU with The Metropolitan Milwaukee Sewerage District, managed by The Milwaukee Water Council. Under the MOU, a specific fund will be allocated to support Israeli water technologies and conduct pilots in the Metropolitan Milwaukee Sewerage District and in other Wisconsin industries.

START-UP NATION CENTRAL

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