

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES

JOSEPH MORGENSTERN, PUBLISHER

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Investment in High-Tech Soars

Stock markets may be faltering and economies are beginning to wobble. Yet investments in Israeli high-tech firms continue at record levels. Investors are impressed by the relatively short period of time that it takes from the first investment to exit on the stock exchanges. A case in point is the ForeScout company that was valued at \$1 billion after it recently raised \$76m. The startups are fed by graduates from the country's universities as well from the army's famed 8200 Unit. Young people are attracted by the working conditions as well as by the salaries that exceed those in other areas.

Moreover, high-techies are rated high on the social scale and exceed that of medicine.

Israeli FinTech startup BlueVine raises \$40m

The invoice factoring company saw a twelfold increase in funded invoices in 2015.

Israeli FinTech startup BlueVine has closed \$40 million in Series C financing, bringing the company's total funding to \$64 million to date. The investment was led by Menlo Ventures, with participation from new investor Rakuten FinTech Fund, and follow-on investments from Lightspeed Venture Partners, 83North, Correlation Ventures and private investors, as well as a new debt facility from Silicon Valley Bank.

Factoring invoice company BlueVine is a

leading online provider of working capital financing to small businesses. Headquartered in Palo Alto, California and with offices in Tel Aviv, BlueVine was founded by CEO Eyal Lifshitz and CTO Nir Klar in 2013.

Lifshitz said, "BlueVine has ushered factoring into the modern age while bringing much-needed transparency, efficiency and speed to the industry. With this capital infusion, our team

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is excited to work with more SMB owners to solve their cash-flow challenges on a greater scale."

BlueVine will use this investment to bolster its management ranks, develop new features and fuel expansion. BlueVine saw a twelvefold increase in funded invoices in 2015, and is on track to fund more than \$200 million in working capital in the next year. Since launching in March 2014, BlueVine's cloud-based invoice factoring service has helped thousands of small businesses obtain quick, easy access to funds they need to purchase inventory, cover expenses or expand operations.

Menlo Ventures Tyler Sosin said, "BlueVine is bringing automation and a modern web experience to factoring, a massive market that has yet to be optimized by technology."

BlueVine also announced it has increased its maximum credit line from \$150,000 to \$250,000 for qualified businesses. This represents a fivefold increase in BlueVine's maximum credit line since its previous funding round in January 2015.

Cyber Security Startup ForeScout Valued \$1B After Raising \$76M

Israeli cyber security startup ForeScout Technologies has raised \$76 million in a financing round led by Wellington Management. Now valued at \$1 billion, ForeScout has tripled its valuation over the past 18 months while also surpassing \$125 million in revenue in fiscal year 2015 (in excess of 50% compounded annual growth rate since 2012). The additional capital will be used to expand global field operations, build a support organization and increase R&D efforts to accelerate leadership in the Internet of Things (IoT). Headquartered in Campbell, California, ForeScout's development center is in Ramat Hahayal, Tel Aviv where it has 150 employees. The company was founded

in 2000 by Chairman Prof. Hezy Yeshurun from Tel Aviv's Faculty of Computer Science, CTO Oded Comay, and senior manager Doron Shikmoni. Pitango led the company's first financing round in 2001 and partner Rami Kalish serves on the board of directors.

Israeli startups raise \$400m in past month

Three Israeli startups have each raised \$50 million as financing rounds climb to unprecedented levels.

In the past month, Israeli startups have raised an astonishing \$400 million. This unprecedented amount included three startups that raised \$50 million: DevOps developer JFrog, data recovery and protection company Zerto, and business intelligence and analytics company SiSense.

Other major financing rounds included fintech invoice factoring startup BlueVine, which raised \$40 million, and flash storage company Elastifile, which raised \$35 million. In addition

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cloud solutions company GigaSpaces raised \$20 million, chip startup MultiPhy raised \$17 million, and IoT developer Neura raised \$11 million.

In the field of healthcare, chronic heart treatment device developer V-Wave raised \$28 million and bone regeneration company CartiHeal raised \$15 million. Both these investments were led by Johnson & Johnson. Ultrasound developer Insightec raised \$22 million, and catheter developer Pi-Cardia raised \$10 million.

Startups closing financing of less than \$10 million included smart phone call company MyState, which raised \$6.5 million, seller profiling company eRate, which raised \$1.7 million, cyber security company IronScales, which raised \$1.5 million, and video data company Viisights, which raised \$1.2 million.

In the final two weeks of December video ad startup Innovid raised \$27.5 million, IoT startup Pointgrab raised \$5 million, and algo-commerce company Feedvisor also raised \$5 million.

Medigus

Medigus is leading the transition from invasive gastric surgery procedures to less invasive, patient-friendly techniques through the development of minimally invasive endoscopic devices and procedures. The company's revolutionary MUSE™ System enables endoscopists to treat gastroesophageal reflux disease (GERD), a chronic disease with increasing global prevalence, by performing a fundoplication procedure through the mouth. Unlike current fundoplication procedures, the MUSE™ System does not require abdominal incisions, which may result in shorter post procedure recovery. The MUSE™ System (previously known as SRS™ System for transoral fundoplication) has received FDA clearance and CE mark. Medigus is traded on

the Nasdaq Capital Market and the TASE (Tel-Aviv Stock Exchange).

Cyber security industry nearly doubles in past decade

Israel's cyber security industry is booming, with 430 active companies and 18 exits in 2015, IVC reports.

According to an IVC report, 430 cyber companies operate in Israel, compared with slightly more than 250 in 2006 and just 20 in 1996. Foreign companies also have 40 R&D development centers in Israel in the cyber niche - probably the result of the acquisition of Israeli companies by foreign companies. IVC says that some of these companies provide security cyber solutions or cyber for government purposes (such as missile interception), but emphasizes that most of the companies are aiming at the organizational and consumer market.

Of these 450 companies, only 19 are public companies. This is no surprise, because the distribution of the cyber companies shows that a large proportion of them are either still in the R&D phase, or their revenue is merely beginning, and they are therefore unsuitable for a public offering. Check Point Software Technologies Ltd. (Nasdaq:CHKP), the pioneer, which was founded 23 years ago, is now listed on the US stock market at a \$13.6 billion market cap, and CyberArk Software Inc. (Nasdaq:CYBR), less veteran than Check Point in both years of activity and as a public company, is currently traded at a \$1.5 billion market cap.

Just how young most of the Israeli cyber companies are can be seen from the distribution of their current stage: only 46% have initial revenue, and only 9% have more than \$10 million in annual revenue. The remaining 45% are still development

laboratories for all intents and purposes - companies whose product is not yet commercial, and may never be commercial. Statistics prove that most startups never complete the long road from a theoretical idea to a working product.

The boom in Israeli cyber business (among other things, a byproduct of military service, mainly in IDF Intelligence Corps Unit 8200, where Check Point's founders served) is reflected in the annual average of the number of companies founded. Since 2000, an average of 52 companies a year has been founded, but the average over the past four years has been 66. The peak year was 2000 with 76 companies; only 2013 came close, with 73 companies.

In its study, IVC comment on the number of companies that failed, i.e. were closed or stopped operating, and asserts that one out of every two cyber companies founded in Israel over the past 20 years still exists. "This is an extraordinary proportion, given the general survival rates of startups in Israeli high tech," IVC states. For example, 21% of companies that were active in 2000 are still operating, and 57% of the companies active in 2010 are still operating.

17,000 employees

A no less interesting and possibly quite significant figure is the number of employees in the cyber industry in the 430 companies found: 16,864, almost 17,000, which is quite impressive. Unsurprisingly, however, large-scale companies (with annual revenue of over \$500 million) account for a large proportion of these employees. According to IVC, there are seven such companies employing 8,270 workers. Check Point, for example, has 1,486 employees in Israel (as of 2014, because the company's 2015 reports have not yet been published).

225 of the companies - about half - employ a

total of 1,028 workers. These companies have less than \$10 million in revenue. In other words, according to IVC, these companies average five employees each. The IVC report also stresses that companies that have received only seed investments account for 16% of all the companies, they employ only 2% of all the industry's workers, while the same 9% over \$10 million in revenue account for 67% of all the industry's workers.

Cyber security company ForeScout raises \$76m

Any analysis of the Israeli cyber industry must address the question of acquisition of local companies by foreign companies. There have been more than a few such acquisitions. According to IVC, 18 deals for the sale of Israeli cyber companies took place in 2015 with aggregate proceeds of \$1.2 billion, while not a single company held an IPO. In other words 4% of the industry's companies were sold, compared with a 2.5% average for Israeli high tech as a whole. For example, acquisitions in 2015 included Adallom, sold to Microsoft for \$320 million, and Cyactive, sold to Paypal for \$65 million.

One important point is that IVC includes in its analysis Israeli cyber companies acquired by other Israeli companies, rather than by foreign companies, e.g. Check Point's acquisitions of Lagoon for \$100 million and Hyperwise for \$20 million, and the sale of NICE Systems Ltd.'s (Nasdaq: NICE; TASE: NICE) cyber division to Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) for \$150 million. As for Elbit Systems, IVC say it is Israel's largest cyber company, especially after its recent series of acquisitions.

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Funding for high-tech hits all-time high

Israeli tech companies raised \$4.43 billion in 2015, 30% more than in 2014. The number of deals was also a record.

2015 was a record year for fund raising by Israel's high tech industry. Israeli tech companies raised \$4.43 billion last year in 708 deals, according to figures released by IVC Research Center and KPMG. The amount and the number of deals are both all-time highs. The amount raised is 30% above the previous high, recorded in 2014, when 690 deals totaled \$3.42 billion.

The average deal peaked as well, at \$6.3 million in 2015, compared with the previous year's \$5 million average round and a \$4 million average in the past ten years.

The fourth quarter of 2015 was especially successful, in fact the best ever. Israeli start-ups raised an aggregate \$1.2 billion in the quarter, 11% more than in the third quarter, and 10% more than in the fourth quarter of 2014.

VC-backed deals accounted for 72% of capital raised in 2015, with an outstanding \$3.2 billion closed in 397 deals, or only 56% of deals. The past three years have seen consistent 30% annual growth in capital raising in VC-backed deals. The compilers of the report comment, "It seems the increase in VC-backed capital raising is therefore mostly explained by the increase in the size of the average financing round where VC funds participated. The average VC-backed deal in 2015 reached nearly \$8 million, an unprecedented record, well above the \$5.9 million average in 2014, and much higher than the \$4.4 million average VC-backed deal in 2013."

Ofer Sela, partner at KPMG Somekh Chaikin's Technology Group, warns that the slowdown in investment in the rest of the world will catch up with Israel. "In the last quarter of 2015, the trend Israel ran contrary to that of the rest of the world. While global markets were affected by the slowdown in the Chinese stock market, an unstable global economy and the interest rate hike in the US, Israel remained untouched by this global wariness. We expect the Israeli market to slow down if the bear market persists. The general current sentiment in the Israeli market is that 'Winter is coming'," Sela said.

IVC Research Center CEO Koby Simana said, "As of the second quarter of 2014 and throughout the past year, we have repeatedly pointed to the uptrend in the number of large deals and their sizes. We've seen growth stage companies raising substantial capital to boost their growth rates and grab larger market shares. The trend was largely fueled by the influx of capital from foreign investors, and a

shift in market trends may indeed cause a slowdown on that front.

"However, there's still room for Israeli high-tech companies to find both organic and non-organic growth, and materialize their full potential. We've seen in the past year a 25 percent hike in the number of Israeli growth stage companies, and the numbers keep growing. At the same time, there's an increase in the capital dedicated to growth investments by late stage and growth focused VC funds, which are expected to continue investing even if the market slows, or even capitalize on the slight decline in valuations that a possible slowdown may cause."

Israeli venture capital funds accelerated their activity in 2015, investing \$653 million, which compares with \$568 million in 2014. Their share in the total amount of capital raised, however, continues to fall, reaching a low of 15% in 2015, compared with 17% in 2014 and a 30% average share in the past ten years. Israeli VC funds placed a total of \$236 million in first investments, which accounted for 36% of their total placements, up from 30% in 2014 and 2013.

In the breakdown by sector, in 2015, 181 software companies led all capital raising with \$1.3 billion or 29% percent of the total capital. They were followed closely by Internet companies, with 172 deals raising just under \$1.3 billion. The life science sector followed, with 22% of the total capital raised in 2015.

Pluristem Therapeutics developed cell therapy that can heal 100% of patients exposed to radiological attack

An Israeli biotech company has developed an anti-radiation therapy that the US government will likely begin stocking next year, and which is able to cure nearly all patients exposed to nonconventional radiological incidents such as

"dirty" bombs, or attacks on nuclear power plants.

Pluristem Therapeutics, based in Haifa, has developed a placenta-based cell therapy, which involves injecting patients who have been exposed to lethal doses of radiation.

Clinical trials have so far yielded a near 100 percent recovery rate for animals exposed to radiation, Yaky Yanay, president and chief operating officer of Pluristem, reported.

Recently the US's National Institute of Allergy and Infectious Diseases, part of the US National Institutes of Health, initiated studies of large animals to evaluate dosing. The trials are part of the US's Department of Homeland Security program to protect people in cases of catastrophes involving radiation.

"The whole free world is dealing with unusual challenges," Yanay said.

Defining lethal radiation as an amount that kills at least 70% of the population exposed, Yanay said that within 48 hours of someone receiving the company's placenta cell injections, bone marrow blood cell production levels returned to normal, and animals fully recovered from the high radiation exposure.

Initial experiments were conducted at Hadassah-University Medical Center in Jerusalem, and produced results that Yanay described as "phenomenal."

The US asked the company to join its National Institute of Allergy and Infectious Diseases program designed to protect large numbers of people from catastrophic incidents, including nuclear terrorist attacks, attacks on nuclear reactors, or accidents in nuclear power plants.

"We saw that injecting the placenta cells enabled nearly 100% of the population to recover, compared to 30% of the [animal]

group that did not receive the injections," he said.

The US Food and Drug Administration developed an "animal route" for clinical trials, Yanay added.

During the trial period, Pluristem agreed to immediately make available a supply of the radiation antidote to the US if needed.

The US government is now paying for, and carrying out, trials as it seeks FDA approval for the therapy, which it will likely receive in 2017.

"You don't need DNA matches for patients. It can be injected into the muscle very easily, in all humans or animals," Yanay said.

"As a proud Israeli citizen, I can say that Israel is at the top of our priorities, and we are talking to Israeli authorities.

We very much want to provide the level of defense that our people deserve," he said.

Jewish Philanthropist to Launch \$100 Million Program for Israel-U.S. Science Research

Mortimer Zuckerman, alongside New York Governor Andrew Cuomo, announced major program to fuel research collaboration.

Media tycoon Mortimer Zuckerman is launching a \$100 million program promoting scientific collaboration between the United States and Israel. The Zuckerman STEM Leadership Program, announced at a New York event that featured Governor Andrew Cuomo and with several Nobel laureates on hand, promises to provide over \$100 million in scholarships and related educational activities for participating scholars and universities.

The program, which will launch in the 2016-17 academic year, aims to foster collaboration

between the "highest-achieving" American post-doctoral researchers and graduate students and "leading researchers" at Hebrew University, the Technion, Tel Aviv University and the Weizmann Institute of Science, according to a news release.

Generics company is developing a delayed released version of Copaxone

Israeli drug developer Mapi Pharma has set terms for a \$50 million Nasdaq IPO at a company value of \$194 million and is expected to price the offering next week. The Ness Ziona based company is developing extended-release formulations of existing drugs including Teva's multiple sclerosis treatment Copaxone.

Mapi Pharma is offering 3.1 million shares at a price range of \$15 to \$17. The company previously filed in 2014 and 2015 for an IPO but postponed its offering but is now going ahead despite the difficult market conditions.

Mapi Pharma was founded in 2008 and reported \$1 million revenue for the financial year ending September 30, 2015. It plans to list on the Nasdaq under the MAPI ticker. JMP Securities is the sole book-runner on the deal.

Mapi Pharma's delayed release Copaxone, the company's leading product, can be injected once a month, instead of the daily or three times a week (depending on the dosage) administering required by Teva's original version. Mapi's version is in a Phase II clinical trial. The company is also developing versions of Pfizer's Lyrica drug and Johnson & Johnson's Risperdal Consta. Both are in the pre-clinical state.

Sony confirms acquisition of Israel's Altair

Sony will pay \$212 million for LTE technology company Altair Semiconductor.

Japanese consumer electronics giant Sony

Corporation has confirmed that it is acquiring Israeli company Altair Semiconductor. The price is \$212 million.

Sony said in its announcement, "Sony is announcing that it has reached an agreement with Altair Semiconductor ("Altair") and its major shareholders to acquire the company. The purchase price is 212 million US dollars (approximately 25 billion yen), and Sony expects to complete the acquisition in early February, 2016.

"Altair, an Israel-based company, owns modem chip technology and related software for LTE (Long Term Evolution), a 4G cellular standard for mobile devices. Altair develops and sells products focused on LTE technology, and its modem chips stand out for their low power consumption, high performance and competitive cost.

"LTE is already widely used in data communication for mobile phones, and is also expected to play a pivotal role in the interconnection of the Internet of Things ("IoT"). Going forward, more and more "things" are expected to be equipped with cellular chipsets, realizing a connected environment in which "things" can reliably and securely access network services that leverage the power of cloud computing.

"With the acquisition of Altair, Sony aims to not only expand Altair's existing business, but also to move forward with research on and development of new sensing technologies. By combining Sony's sensing technologies - such as GNSS (Global Navigation Satellite System) and image sensors - with Altair's high-performance, low power consumption and cost-competitive modem chip technology, and by further evolving both, Sony will strive to develop a new breed of cellular-connected, sensing component devices.

"With the markets for wearable and IoT devices

expected to continue to expand, Sony aims to deliver component devices that feature both sensing and communication capabilities, as well as new LTE solutions that leverage the strengths of these component devices."

Altair was founded in 2005 and is based in Hod Hasharon. It has raised \$135 million to date. The company has 200 employees, most of them in Israel.

The company was founded by former Texas Instruments executives CEO Oded Melamed, CTO Yigal Bitran and VP Marketing Eran Eshed. Each of the founders holds a 0.5% stake in the company and will earn \$1 million. The other major investors are Jerusalem Venture Partners (JVP) (21%), BRM Capital (18%), Bessemer Venture Partners (14%), Giza Venture Capital (13%), and Walden Israel (7%).

Altair has been partnering with Sony for many years as a chip supplier.

SES acquires Israeli company RR Media for \$242m

SES will pay a 52% premium for the shares of the Lod-based digital media services company.

SES S.A. (NYSE Paris:SESG) (LuxX:SESG) unit SES Platform Services GmbH (SES PS) is acquiring Israeli digital media services provider RR Media Ltd. (Nasdaq:RRM) for \$242 million. SES will pay \$13.291 per share for a 100% stake. This is a 52% premium on RR media's closing price on Wall Street yesterday. The acquisition is subject to regulatory approvals, which are expected to be completed before the end of the third quarter of 2016.

Lod based RR Media provides scalable, converged digital media services to more than 1,000 media companies globally. Every day

the company manages and delivers over 24,000 hours of broadcast content, over 4,000 hours of online video and VOD content and over 350 hours of premium sports and live events including major global sporting events such as the Super Bowl and the FIFA World Cup. RR Media provides coverage for over 95% of the world's population, reaching viewers of multi-platform TV operators and populating content to over 100 Video-on-Demand (VoD) platforms, as well as delivering content to online video and Direct-to-Home (DTH) services.

The deal is a major boost for Rapac Communication and Infrastructure Ltd. (TASE: RPAC), which holds a 34% stake in RR Media and Viola Private Equity, which has a 29% stake. "Globes" first reported that Munich-based SES was in talks to buy RR media last September.

By providing a complete range of digital media services, RR Media enables the richest possible user experience, expands audience reach and increases monetization capabilities for its customers. The company's services cover four main areas: global content distribution network with an optimized combination of satellite, fiber and the Internet; content management and playout services; management and delivery of premium sports, news and live events around the world; and other advanced online video services. This offering supports the diverse service requirements of some of the world's leading media companies, broadcasters and content rights owners holders including the BBC, Disney, Fox, IMG, ITV, MP Silva, NFL, and Viacom. RR Media operates from four principal media centers (in Bucharest, London, Pennsylvania and Tel Aviv).

On completion of the transaction, RR Media and SES PS will be combined to create a new, stand-alone media services provider, offering full continuity and enhanced service to their existing customers. With a comprehensive

range of innovative video and media solutions on a global scale, the new organization will focus on offering its customers highly optimized content management and distribution solutions that utilize the combined network of SES PS and RR Media leveraging their multiple satellite positions as well as a large fiber network and the Internet, in order to maximize audience reach and add monetization capabilities.

RR Media CEO Avi Cohen said, "SES Platform Services is an important industry player with the capabilities to service strong upper tier clients. With the combined infrastructure and industry expertise, the integrated company will have the capability to deliver innovative solutions to top tier clients, emerging markets and global customers. RR Media's growth strategy has focused on top tier client and increasing scale. This deal achieves both of these strategic goals."

Self-driving car company Mobileye teams with Nissan

Mobileye already has agreements to incorporate its digital map technology into Volkswagen and General Motors vehicles.

Israeli autonomous driving technology developer Mobileye N.V.(NYSE: MBLY) has signed a Memorandum of Understanding with Nissan aimed to integrate Mobileye's new Road Experience Management digital maps technology into the Japanese automaker's fleets. Nissan is the third large automaker to have partnered with Mobileye to integrate its new digital maps technology after General Motors and Volkswagen.

Mobileye co-founder, chairman and CTO Prof. Amnon Shashua said, "Adding Nissan and Renault as part of the Renault-Nissan alliance, as a REM technology customer is another important step in the creation of a continuously updated high-definition data for drivable paths

with precise-localization that will meet the requirement for full redundancy to enable safe autonomous driving including city autonomous driving. Renault-Nissan alliance is one of the largest global automakers and a sizable OEM customer of Mobileye in both ADAS and autonomous driving. We view the endorsement of three of the world's largest global automakers as an acknowledgement of the importance of our innovative proprietary REM technology for autonomous driving."

Mobileye revenue doubles, profit quadruples
Mobileye REM technology provides real-time data for precise localization and high-definition lane data that forms an important layer of information to support fully autonomous driving. The technology is based on software running on Mobileye's EyeQ processing platforms that extracts landmarks and roadway information at extremely low bandwidths, approximately 10kb per kilometer of driving.

Mobileye has also announced its fourth quarter and full year 2015 results. Fourth quarter revenue was \$71.8 million, up 81% year-over-year and full year revenue was \$240.9 million, up 68% year-over-year. Non-GAAP net profit for the fourth quarter was \$36.6 million (\$0.15 per share) and for the full year was \$113.4 million up 129% per share to \$0.48.

Lockheed Martin orders 40 F-35 wing sets from IAI IAI unveils civil aviation cyber security solutions

"Working with the international aviation giant is significant recognition of IAI's technological capabilities," company management said, following the agreement with Boeing.
"Boeing's vote of confidence in us is also very significant for us."

Cooperation between Boeing and IAI began 40 years ago, and IAI is considered one of the US company's strategic suppliers. Company

sources said that IAI's current manufacturing infrastructure was also suitable for Boeing's future airliner venture, so that it does not appear that any substantial investment in adapting IAI's production lines to the new plane will be necessary.

It is still unclear how the agreement to extend cooperation with Boeing will affect IAI's civilian business. Since 2009, the company's civil aviation division, which converts civilian airplanes and makes executive jets, has accumulated losses totaling \$230 million. Following its accumulated losses and deteriorating financial situation, IAI is negotiating with the workers' organization in the company in an attempt to reach agreements on a comprehensive recovery plan.

IAI management is seeking understandings involving voluntary retirement for 1,000 workers, mostly from the civilian divisions, which have been responsible for most of the company's burdensome losses.

With offices in Herzliya, in 2016 alone Battery has been part of the \$50 million financing rounds of Israeli startups JFrog, Zerto and SiSense.

Battery Ventures closes two new funds

Battery Ventures has closed two new funds: Battery Ventures XI, a \$650 million vehicle, and Battery Ventures XI Side Fund, a \$300 million fund intended to support larger investments. Battery raised predecessor fund family Battery X and Battery X Side Fund, totaling \$900 million, in February 2013.

As with its predecessor funds, Battery will continue to target investments at stages ranging from seed to private equity, deploying capital in increments of a few hundred thousand dollars up to deals worth \$100 million

for large growth and private-equity opportunities. In 2015, Battery opened a new office in San Francisco - adding to its presences in Boston, Menlo Park, CA and Herzliya, Israel - and will continue to make investments globally, with the majority of deals in North America, Israel and Europe.

Key investment sectors for the firm include application software/SaaS; IT infrastructure, including areas such as cloud computing, "big-data" technology and cybersecurity; consumer Internet and mobile; and industrial technology.

In the past three years, Battery has seen six portfolio companies go public and 15 - not including seed investments - announce acquisitions. The IPOs included Israeli direct-to-consumer insurance carrier IDI Insurance.

Battery Ventures investments in Israeli startups in 2016 include as part of the \$50 million financing rounds of DevOps developer JFrog, data recovery company Zerto and big data company SiSense, and the \$35 million financing round of flash storage startup Elastifile.

Haim Saban to invest \$100m in startups

Saban Ventures will invest in startups in the mobile, social networks, ecommerce and digital media sectors.

The fund will invest in startups in the mobile, social networks, ecommerce and digital media sectors in which there is synergy with Saban's other businesses including Israeli mobile operator Partner Communications Ltd. (Nasdaq: PTNR; TASE: PTNR). The fund does not automatically reject the idea of investing in other fields such as cloud computing and fintech, which are popular with venture capital investors.

The Saban Ventures fund will be managed by

Barak Pridor who has more than 20 years of experience in communications and technology market. Pridor was formally a senior manager at Reuters after it acquired Clearforest where he was CEO.

Saban, 71, is one of Israel's richest billionaires and the US-based businessman is worth \$3.5 billion, according to "Forbes." He own partner and formerly had a major stake in Bezeq Israeli Telecommunication Co. Ltd. (TASE: BEZQ). He has previously invested in Israeli startups including \$15 million in Shaul Olmert's PlayBuzz through Saban Capital. He has also invested in Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) startup EverySight, which is developing smart glasses for cyclists.

Deloitte: Israel 7th in world for defense spending

According to Deloitte, Israel spent 5.2% of its GDP on defense in 2014. The firm sees an upturn in global defense spending in 2016. Israel's defense expenditures in 2014 were 5.2% of the country's gross domestic product (GDP) making Israel 7th in the world for military expenditure as a percentage of GDP according to Global Aerospace and Defense Outlook 2016, released by consulting giant Deloitte.

Oman topped the list (11.6%), followed by Saudi Arabia (10.4%), and South Sudan (9.3%). Israel was 17th in military spending in absolute terms. Its military expenditure totaled \$15.9 billion in 2014. The list of 25 countries with the largest defense expenditures was led by the US; the superpower spent \$610 billion on defense 40% of the total expenditures worldwide. In distant second place was China, which spent \$216.4 billion. Russia was an even more distant third, with \$84.5 billion.

The report, authored by Tom Captain, Vice Chairman and US Aerospace & Defense

Leader for Deloitte LLP, and Global A&D
Leader for Deloitte Touche Tohmatsu Limited,
projects growth in the global aerospace and
defense market of 3% in 2016, after the market
grew 2% in 2014 and 1.5% 2015.

Captain expects a recovery in global defense
expenditures in the coming years because of
the expanding threat from terrorists, ongoing
security tensions, and a lack of stability in the
Middle East.

US company Rogue Wave Software has acquired Israeli company Zend Technologies

US company Rogue Wave Software has
acquired Israeli company Zend Technologies,
which offers end-to-end PHP web and mobile
application development and deployment
solutions. With 50 percent of the web workload
running on PHP, including Magento, Drupal,
and WordPress, Zend products drive PHP in
the enterprise, from code creation through
production deployment.

Zend CEO Andi Gutmans and CTO Zeev
Suraski founded the company in 1999, which is
today headquartered in Cupertino, California
and retains its development center in Ramat
Gan. No financial details about the sale were
disclosed but media reports suggest it was for
considerably less than the \$70 million that the
company has raised to date.

Rogue Wave CEO Brian Pierce said, "Today's
announcement expands Rogue Wave into PHP
web and mobile application development,
underscoring our goal to make developers
heroes by accelerating their ability to create
great code. With the addition of Zend, we now
have products that speed C, C++, C#, Java,
and PHP development, reflecting how software
is created today across languages, platforms,

and teams."

Gutmans said, "Our passion has always been
about PHP users. When we founded Zend,
we set out to make it easier for developers to
use PHP to meet the demands of business
development. We're very happy to have a
great match with Rogue Wave, from our
shared commitment to customers and how
we impact their software development
lifecycle. The strength of this combination
benefits our customers and expands our
ability to deliver products that matter to
our users."

Suraski added, "Our technologies are
incredibly well-aligned. With the combined
Rogue Wave products, we can offer
customers capabilities ranging from
prototyping to DevOps to production.
This is a continuation of our vision to
support the PHP community and make
PHP use easy, accessible, and secure in
demanding environments."



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