

# ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES

JOSEPH MORGENSTERN, PUBLISHER

July 2019 Vol. XXXIV Issue No.7

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## Heading for Another Record Year

### Israeli tech cos raised record \$3.9b in H1 2019

The country's high-tech companies are heading for another record year, IVC-ZAG reports.

Israeli high-tech companies raised \$2.32 billion in the second quarter of 2019, the highest quarterly amount since 2013, IVC - ZAG reports. This brings to \$3.9 billion the amount raised during the first half of 2019 - an all-time record. The number of deals was only slightly above the 242 deals recorded in the first half of 2018.

The second quarter figure in 2019 was boosted by 10 mega deals (each over \$50 million), totaling \$1.26 billion and accounting for 54% of the capital raised in the second quarter of 2019. The large transactions included two exceptional deals: a PIPE (Private Investment in Public Equity) round of \$186 million raised by Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT), and \$110 million raised by Cellebrite Mobile, post-acquisition by Sun Corp. The median deal amount for the second quarter was \$5.5 million, compared with \$5 million in the corresponding quarter last year and \$6 million in the first quarter of 2019.

The three largest second quarter deals totaled \$670 million: Lemonade raised \$300 million; Monday raised \$250 million; and Sentinel Labs raised \$120 million

IVC's found that in the second quarter of 2019, venture capital-backed deals were worth a

record of \$1.81 billion in 73 deals. Venture capital-backed deals accounted for 78% of the amount raised in the second quarter, and an even higher percentage of the \$1.34 billion raised in 75 deals in the first quarter of 2019. Analyzing the distribution of venture capital-backed deals, IVC found that the amount raised by revenue growth companies in venture capital-backed deals grew dramatically to \$1.12 billion.



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In the first half of 2019, venture capital-backed deals accounted for \$3.16 billion in 148 deals, and almost doubled the amount raised in the first half of 2018 - \$1.86 billion in 142 deals.

ZAG-S&W (Zysman, Aharoni, Gayer & Co), managing partner Adv. Shmulik Zysman, said, "Just when we thought the investment growth in the first quarter of 2019 had broken every record, along comes the second quarter and registers the most significant leap in the total amount raised in the last six years. Indeed, the second quarter of this year recorded the most significant leap ever in the total amount raised- \$757 million, compared to the previous quarter, indicating a quarterly record and in accordance record high in the first half of 2019, unprecedented in recent years."

Zysman added, "Late-stage companies raised record amounts in this quarter, and there was a degree of stability among early stage investments. On the other hand, the situation of mid-stage companies seems less favorable: funding in this quarter was lower than in recent years."

### Capital raising by stage and round

Israeli high-tech growth stage companies (companies in initial revenue and revenue growth stages) were exceptionally active in the second quarter of 2019. These companies raised \$2.02 billion in 70 deals - the highest total amount since 2013. IVC noted that late financing rounds accounted for \$1.12 billion in 23 deals in the second quarter of 2019 - nearly three times the \$414 million raised in the second quarter of 2018.

In the second quarter of 2019, deals larger than \$20 million dominated capital raising activity, with \$1.79 billion in 29 deals compared with \$932 million in 18 deals in the corresponding period of 2018. This marks the highest sum and number of deals for this category since 2013. Deals exceeding

\$20 million totaled \$2.78 billion in 53 transactions in the first half of 2019. Deals exceeding \$50 million during this period accounted for \$1.7 billion in 15 deals, compared with \$920 million in nine deals in the corresponding period of 2018. In the second quarter of 2019, Israeli life sciences companies raised \$263 million in 27 deals. Both the number of deals and the amount raised were slightly higher compared with the quarterly average since 2013.

Foreign investors increased activity in the second quarter of 2019 compared with previous quarters, making 441 investments totaling \$1.57 billion.

IVC Research Center research director Marianna Shapira said, "The second quarter of 2019 continues the same trend from recent quarters. Israeli high-tech companies are gaining access to a larger pool of capital for growth companies, especially from foreign investors. This shows growing appetite for the local market. The trend is driving valuations to new heights, presenting challenges both to the companies seeking

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Published monthly since January 1985

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Annual subscription: \$95.- per year, for 12 issues,

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capital and to local investors. The second quarter figures show that most early-stage companies are struggling to access investment capital. This discrepancy might be a cause for concern about the future of seed ventures in Israel. If the second half of 2019 continues with the same pace, this year will break previous records for capital volume."

### Bridgepoint buys Israeli co Qualitest for \$420m

The Petah Tikva-based company has developed a range of AI-powered engineering and testing products for tech firms.

Private equity group Bridgepoint has is buying a majority stake in Israeli software testing firm Qualitest from Marlin Equity Partners, the companies have announced. No financial terms were disclosed but a source close to the deal told "Reuters" that it was at a company value of \$420 million. Based in Petah Tikva, Qualitest has developed a range of AI-powered engineering and testing products for tech firms in the technology, financial services, retail, telecom, healthcare, insurance, aerospace, media and utilities sectors.

Marlin, which bought Qualitest at a company value of \$85 million in 2016, will remain a minority shareholder in the company. Qualitest was founded in the 1990s by Ayal Zylberman and president and Eli Margolin.

Qualitest CEO Norm Merritt said, "Bridgepoint's long-term capital commitment provides us with the platform to accelerate the next stage of our development and execute our global acquisition strategy."

### Retail analytics co Trax raises \$100m

The company has developed image recognition technology that turns shelf images in stores into real-time actionable insights.

Singapore-Israeli computer vision and analytics solutions startup Trax has announced that it has closed a \$100 million Series D finance round led by HOPU Investments. The company has raised \$350 million following the latest financing.

"Bloomberg" reported two months ago that Trax was raising \$100 million at a company value of \$1.1 billion. Trax's largest shareholder is US private equity fund Warburg Pincus and other investors include China's Boyu Capital, Investec, DC Thomson and GIC Pte as well as the sovereign fund of the Singapore government, which participated in the current round.

Trax was founded in 2010 by CEO Joel Bar-EI and Chief Commercial Officer Dror Feldheim, The company has developed image recognition technology that turns shelf images in stores into real-time actionable insights. Trax has 600 employees including 200 in its Israel development center and plans increasing its workforce, mainly in Israel.

Bar-EI said, "This injection of funds from HOPU will further accelerate our innovation and further our efforts to deliver an outstanding customer experience."

Feldheim added, "Trax has established an ecosystem anchored with deep CPG and retail industry collaboration and diverse partnerships. Our investment from HOPU will accelerate the development of our footprint in China and globally, and further position our market-ready retailer solutions to be deployed at scale."

### Israel 'Successfully Tests' Arrow 3 Missile Defense System in Alaska

Defense Ministry says tests successfully demonstrated a 'hit-to-kill' capability of high-altitude targets outside the atmosphere, accomplishing three interceptions

Israel successfully conducted a series of tests



of the Arrow 3 missile defense system in Alaska, in cooperation with the American Missile Defense Agency (MDA), the Defense Ministry said. This is the first time the Arrow 3 system managed to intercept a real missile, one that simulated a ballistic missile.

According to the defense ministry, the launches were done in Alaska "to carry out tests of the system's capabilities that can't be done in Israel."

The tests were led by the Israel Aerospace Industries and the Defense Ministry along with the Israeli Air Force in a test field in Alaska. The Arrow 3 is meant to intercept ballistic missiles outside the atmosphere.

The tests successfully demonstrated a "hit-to-kill" capability of three high-altitude targets outside the atmosphere, the defense ministry said. It added that an American ANTPY2 radar - of the type stationed in Israel - was used in the tests, successfully demonstrating operational link-up between the U.S. detection radar and Israeli missile systems.

Vice Adm. Jon A. Hill, director of the MDA called the test "another milestone in the development of the Arrow weapon system."

"This is an extraordinary operational and technological achievement for the State of Israel," he said, stressing his agency's commitment to help Israel "upgrade its national missile defense capabilities in order to protect itself and American forces deployed in the area from rising threats".

Mid July, Iran tested a Shahab-3 medium-range ballistic missile, a U.S. defense official told a number of media outlets on condition of anonymity. The missile flew about 1,000 km (620 miles), the New York Times reported.

The test did not pose a threat to shipping or any U.S. forces in the region, the official said.

The U.S. military intelligence assessment was that the launch was part of Iran's efforts to improve the accuracy and range of its missiles, CNN reported. According to the Israeli government, the Shahab-3 is capable of carrying a nuclear warhead.

This comes amid rising tensions between Tehran and Washington in the last few months. The Trump administration is following a policy of broad economic sanctions to put pressure on Iran, which has led the Islamic Republic to violate conditions of the multipartite 2015 nuclear deal.

Netanyahu praised the tests during the weekly government meeting, saying "The execution was perfect. Israel has the capacity to act against ballistic missiles launched at us from Iran or anywhere else."

It was reported by Channel 13 News that Israel's Ambassador to the United States Ron Dermer made a rare visit to Alaska last month. The visit took place while senior American officials were in Israel to discuss strategic matters concerning Iran. Prior to Dermer's visit in Alaska, he was in Israel for two weeks and reportedly spent a lot of time in the office of Israeli Prime Minister Benjamin Netanyahu.

In May 2018, the Israeli Ministry of Defense and its American counterpart postponed the joint test of the Arrow 3 missile system, which was to take place in Alaska, due to technical difficulties.

Israel successfully tested the Arrow 3 missile system in January, also with the MDA, in central Israel.

The Arrow 3 is considered the next generation of defense systems, capable of attacking targets at from great distances and heights at a much higher speed. Today the Israeli army uses the Arrow 2, which has been operational for a few of years. It also uses an older version



of the Arrow 3, given to the army in January 2017. The new system currently in testing will likely grant the army an ability to deal with more complex scenarios.

### Arrow 3 interceptor system could be exported

Israel Missile Defense Organization director Moshe Patel raised the possibility of exports after the successful completion of a 10-day trial in Alaska.

Following the successful completion of a series of tests in Alaska of the Arrow-3 Interceptor missile system, Israel Missile Defense Organization director Moshe Patel has said, "There is an interest regarding possible exports of the Arrow-3 system overseas."

Patel was talking by phone from Alaska to Israeli journalists but declined to disclose further details about the possibilities that might develop for the Israeli defense electronics companies involved in the Arrow-3 program, if it were decided to export the advanced system, which is designed to intercept ballistic missiles outside the earth's atmosphere. In any event, Patel added that such exports would be subject to relevant approvals by Israel's Ministry of Defense and the US Missile Defense Agency (MDA).

The chief contractor in the project is Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1), while US company Boeing acts as subcontractor. Other Israeli defense companies are involved in the project including Tomer, which built the rocket motors for the missiles and the target missiles, while Rafael Advanced Defense Systems Ltd. built the target missile. Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) is responsible for the Arrow's command and control system called the "Golden Etrog."

The censor approved for release that Israel's

Ministry of Defense and the US Missile Defense Agency (MDA) had successfully conducted a complex series of trials at the Pacific Spaceport Complex-Alaska (PSCA) in Kodiak, Alaska, which simulated a range of relevant scenarios under which Israel might come under threat. During the trials, arrow 3 missile were fired three times at target missiles, which were successfully intercepted outside of the atmosphere.

### Israel moves into Global Innovation Index top 10

Israel led the world in investments in R&D, research talent, Wikipedia editing, creating applets, and exports of high-tech services.

Israel has been listed in the Global Innovation Index top 10 for the first time - ranked tenth for innovation in 2019 after being ranked 11th in 2018 and 17th in 2017.

Switzerland topped the innovation ratings again this year, followed by Sweden. The US advanced from fourth place in 2018 to third place this year. The rating, published by Cornell University in the US, the INSEAD School of Business, and the UN World Intellectual Property Organization (WIPO), is composed of 80 different indicators measuring various aspects of innovation.

Israel was in 17th place in innovation inputs and eighth place in innovation outputs, which the report's authors say shows that Israel excels in producing innovation with relatively little investment.

One indicator in which Israel is especially strong is business sophistication, in which Israel was ranked in third place. This ranking is composed of high secondary indicators, such as cooperation between industry and higher education (second place worldwide), foreign investments in R&D (third place), and participation by women in the highly trained



labor force (third place). Israel led the world in investments in R&D, research talent, Wikipedia editing, creating applets, and exports of high-tech services.

Israel has poor rankings in infrastructure and institutional indicators (31st and 33rd place, respectively). Israel was particularly low in government investment per student (56th place) and the cost of layoffs resulting from streamlining (111th place).

The index authors note that Israel is the leading country in innovation in North Africa and Western Asia, and stands out in the ratio of innovation to investment. Jerusalem and Tel Aviv were rated in 23rd place on the index of the world's largest innovation centers.

### Nuvei completes \$889m acquisition of Israeli co SafeCharge

The newly-merged Canadian online payment solutions company will keep open and expand its Tel Aviv development center.

Canadian payment solutions company Nuvei has completed the \$889 million cash acquisition of Israeli online payment solutions company SafeCharge, controlled by Teddy Sagi. Following completion of the deal, SafeCharge's shares will be delisted today from trading on the London Stock Exchange's AIM secondary market.

The Israeli development center will continue to operate and is even expected to grow.

SafeCharge was founded in 2007 by CEO David Avgi and businessman Teddy Sagi, and held its IPO on AIM in April 2014. The share price at which the company was sold reflects a premium of about 200% including dividends, on the price at which its IPO was held. Since the IPO, SafeCharge has distributed dividends to investors of more than \$100 million, so that the value which has been created is about

\$1 billion - a figure that makes it one of the most successful fintech companies that has been grown in Israel.

Nuvei is a private company specializing in providing payment solutions mainly to customers in the US and Canada. The company, which is based in Montreal, has about 400 employees in the US and Canada. The acquisition will create a leading global payment solutions provider that can serve customers of all sizes around the world. Montreal, Quebec will be the headquarters of the merged company.

Nuvei has traditionally operated in the US and Canada while focusing on the small to medium-size businesses market. For its part, SafeCharge has developed a major presence in European markets, Asia and Latin America by specializing in clearing technologies, payments and risk management. And most of SafeCharge's customers are companies that operate online such as electronic commerce companies. SafeCharge holds licenses as a financial payments institution in the UK and the EU. The company has about 400 employees. SafeCharge also has an advanced development center in the Azrieli Sarona tower in Tel Aviv. The other employees are based in Bulgaria, the UK, Austria, the Netherlands, Singapore, Cyprus, Hong Kong, Mexico and the US. The Israeli company's customers include Gett, El Al, Kiwi, Just Eat, and World Duty Free.

Nuvei Chairman and CEO Philip Fayer said, "This marks the dawn of a new, exciting journey for Nuvei. Thanks to SafeCharge's technology platform, we've enhanced our ability to deliver powerful payment solutions to our technology partners, merchants and resellers. With offices across 14 countries and unparalleled fintech expertise, we've transformed our combined organization into a diversified, global payments leader with massive scale and reach."



SafeCharge CEO David Avgi added, "We are jointly creating an international payment giant with an unrivalled talent pool and technology stack. We are thrilled to be part of a bigger entity to further the adoption of the most innovative payments technology globally. The move will also provide our employees with more long-term career opportunities and be part of a global company, which we can all be very proud of."

### **Israeli defense cos unveil armored fighting vehicle technologies**

The Carmel AVF will have advanced and lethal artificial intelligence and stealth autonomous capabilities.

Elbit Systems Ltd.

(Nasdaq: ESLT; TASE: ESLT), Rafael Advanced Defense Systems Ltd. and Israel Aerospace Industries Ltd.

(IAI) (TASE: ARSP.B1) today unveiled the technologies that they had developed for future armored fighting vehicles (AFVs) for the IDF. The vehicle, called Carmel, will be operated by just two soldiers. The vehicle has advanced and lethal artificial intelligence and stealth autonomous capabilities, with the ability to maneuver quickly and safely on the battlefield.

The Administration for the Development of Weapons and Technological Infrastructure in the Ministry of Defense is due to select a bid by one of the three defense companies, which reached the finals for developing the vehicle. in the coming months.

The company that is selected will receive an order from the IDF, and will later also export the systems develop to overseas armies. Defense industry sources said that the sales potential of the companies involved in the Carmel program was in the billions of dollars, spread over years.

The technologies were demonstrated on old

M-113 AFVs lent to the defense industries by the IDF. In recent weeks, each company demonstrated its capabilities in the sector at a training facility in northern Israel. The Ministry of Defense today said that it might choose to combine a number of technologies from multiple companies in the AFV.

All of the technologies revealed today address the combat challenges on the future battlefield, especially urban warfare against an unknown enemy; the need for rapid maneuvering, while absorbing information from various sources; and tracking and identifying threats and neutralizing them with rapid, accurate, and deadly firepower. "This is the beginning of a breakthrough technology that is already in reach," said IDF Armored Corps chief officer Brig. Gen. Guy Hasson, referring to the demonstrations by the defense companies.

The system displayed by Elbit Systems is operated using an advanced helmet tailored to the soldiers operating the AFV that was developed for F-35 pilots. The helmet enables soldiers to hit targets and navigate the AFV according to the direction they are looking at.

Elbit Systems' technology includes autonomous driving capabilities using an algorithm that examines the terrain, with early detection and neutralization of threats, such as roadside bombs. Elbit Systems' future AFV also contains a drone that takes off from it according to the operational needs of the team operating the AFV, photographs the area of activity, and streams the information in real time into the AFV where it is screened on advanced touch screens. The system also contains a robot rescuer that carries out missions classified as high risk.

Rafael displayed a concept of a "transparent cockpit" that provides the AFV team with 360-degree peripheral vision of external events. Data relevant to the outline of the AFV team's activity is screened on giant touch screens



installed inside the AFV, with no helmet or special vision equipment. A range of unique sensors with electro-optic capabilities relay to the AFV team a picture of the situation outside the vehicle. The system also contains launchers for Spike anti-tank missiles, a smart trigger, a Trophy-type active defense system that protects the vehicle against anti-tank missiles, etc.

IAI unveiled a technological demonstrator based on its family of unmanned robot vehicles. It contains a joystick similar to a compute game that can be used to operate the vehicle on the future battlefield. The autonomous systems displayed by IAI are controlled by a centralized automated fighting system that filters out information irrelevant to the battlefield mission and makes it possible to focus on critical threats and making urgent decisions.

"All of the solutions displayed by the defense companies were tested in recent weeks under a series of difficult operational scenarios by a special Ministry of Defense test team," Administration for the Development of Weapons and Technological Infrastructure head of research Brig. Gen. Yaniv Rotem said. He added that the technological demonstrators of Rafael, IAI, and Elbit Systems revealed today did not include additional capabilities whose developed was led by the Administration for the Development of Weapons and Technological Infrastructure, including hybrid propulsion for the AFVs, revolutionary active camouflage capability, cyber defense, multi-tasking radar, a system for identifying friendly forces, advanced armor solutions, etc.

Some of the technological solutions that are ready for operations are already being integrated in the IDF's fleet of armored vehicles, including Merkava tanks and the Namer and Eitan AFVs. According to Rotem, the helmet offered by Elbit systems for the Carmel AFV program will be installed on the new versions of the Merkava Mark 4 tank.

The defense industries are looking at markets around the world, and have marked the ground forces sector as a growing field that will feature many deals for upgrading tanks and AFVs after they become outmoded over the years and must be adapted to the latest battlefield needs. For the defense industries, being included in Carmel program led by the Ministry of Defense is an entry ticket to the global market for upgrading AFVs and tanks, a market expected to expand in the coming years, with an accompanying rise in demand.

### Israeli co Cybereason raises further \$200m from Softbank

According to a source close to the Tel Aviv-based cybersecurity company, the investment round values Cybereason at over \$1.5 billion.

Japanese investment giant Softbank has invested a further \$200 million in Israeli cybersecurity company Cybereason, in the largest ever investment round in a cybersecurity company in Israel. According to a source close to the company, the round was at a valuation of over \$1.5 billion. In February this year, Cybereason co-founder and CEO Lior Div said in an interview with "Globes" that he had declined several acquisition offers that valued the company at over \$1 billion.

Softbank is the main investor in Cybereason, and has invested \$350 million of the total of \$400 million that the company has raised since it was founded in 2012, in five investment rounds. The remainder has come from US investors: Lockheed Martin, CRV, and Spark Capital, a fund that specializes in early-stage investment,

Over the last two years, Cybereason's customer base has increased by more than 300% with over six million endpoints under protection. Cybereason has 500 employees, is headquartered in Boston and has offices in Tel Aviv, Tokyo, London and Sydney, and



additional presence on all continents.

"Cybereason's big data analytics approach to mitigating cyber risk has fueled explosive expansion at the leading edge of the EDR domain, disrupting the EPP market. We are leading the wave, becoming the world's most reliable and effective endpoint prevention and detection solution because of our technology, our people and our partners," said Div.

"We help all security teams prevent more attacks, sooner, in ways that enable understanding and taking decisive action faster."

Cybereason is a developer of endpoint detection and response (EDR), next-generation antivirus (NGAV), and active monitoring services for enterprise cybersecurity. The company was founded by Div, CTO Yonatan Striem-Amit, and chief visionary officer Yossi Naar. It employs about 500 people, 200 of them at its Tel Aviv development center, and the rest at its offices in Boston, London, Tokyo, and Sidney. Div says that, following the current fund raising round, the company intends to expand its workforce, and that over the next 18 months the Israeli development team is expected to grow by some 100 employees.

"Globes": You previously stated that you planned to grow to 600 employees by the end of 2018, but you did not reach this target. Why?

Lior Div: "Since we don't rely on people to provide our service, we managed to reach our targets without recruiting all of these employees. The company wants to be a public company, so we eventually want to be judged according to criteria of forecasting capability and efficiency. For the place we are now at, I assume that our staff in Israel will grow by at least 50%, and by the same rate worldwide, in the next 18 months."

Cybereason's relationship with the Japanese giant has been going on for a number of years. After becoming a customer of Cybereason and

distributing its solution to its customers, Softbank became one of Cybereason's investors in October 2015. Softbank invested \$50 million in Cybereason in the first stage as part of a \$59 million financing round that included all of Cybereason's previous investors.

As part of the investment agreement, Softbank received preferential terms as a distributor of Cybereason's products to enterprises in the Japanese market. From there, relations grew even closer: in early 2016, the two companies announced the founding of Cybereason Japan, a joint subsidiary managed by Shai Horovitz, Cybereason's former director of business development. In June 2017, Softbank invested \$100 million more in Cybereason, making it the sole investor in Cybereason's fourth financing round, in addition to being the leading investor in the third round.

"We're planning an IPO for the company in the coming years, and all of our financing rounds and actions are aimed at that. Softbank, the world's largest and most aggressive investor, is not afraid of such things. They have already proved for a number of years in a row that they are continuing their support for the company, and we proved that we're continuing our growth," Div told "Globes." He takes care to stress that "We're the ones who control the company. The founders, whom I head, exercise control in holdings, the board of directors, and management." Div notes that in addition to his position as CEO, he is also chairman of the company's board of directors.

Nevertheless, this is the second round in which Softbank is your only investor. Aren't you worried about becoming dependent?

"No. When Softbank gets involved in a company that they believe can be a leading company, they make an aggressive entry and continue supporting it. The future of companies like Uber, in which they put billions, became



much rosier and clearer as soon as Softbank got involved with them."

It does appear that it is Softbank's support that brought Cybereason to rapid growth. The company is reporting tens of millions of dollars in annual revenue and a threefold increase in the number of its customers to over 500 in the past two years. Cybereason's customers include Softbank itself and Lockheed Martin, both of which have invested in Cybereason; Motorola; UK airline Flybe; and RTI Surgical's medical centers. In 2018, Softbank forged a connection between Cybereason and ARM, a Softbank-owned UK chip company. That same year, ARM and Cybereason announced the development of a unique defense for ARM's Internet of Things (IoT) platform. At the time, the IoT market was a new technological direction for Cybereason. The two companies are developing a built-in defense layer in ARM's special operating system for devices connected to the Internet.

"Softbank wants us to be the world's biggest cyber company. In our case, and in the other investments that they make, whether in insurance, medicine, or smart transportation, they put money on companies they think are capable of dominating their sectors and solving the problem. This is also the way we think at Cybereason. We want and intend to solve the cyber problem at a global level," Div explains.

What do you think the cybersecurity problem is?

"Today, every concern and every company in the world is becoming more and more dependent on technology. Technology is becoming more and more connected, if you look at 5G and all of those things. Our world is becoming more and more connected, and everything communicates with everything else. Someone can look at this and protect the company as a company and protect all of it, not just its end-device, or its cloud computing infrastructure."

Many other companies and concerns in the field define the problem the same way. What is special about you?

"The problem may be defined in the same way, but the approach to the solution is very different. You can use technology created 30 years ago, or come and say, 'There's a new problem here, and we have to create new technology and a new approach, and prove that customers are adopting this technology, which solves their problem.' Today, we enter an enterprise with the ability to cover all of its computers, its cloud, and now also mobile. That is essentially the enterprise's computing power, and that's what distinguishes us. We don't look at a specific device; we protect everything. The way we handling the cyber problem is very holistic, and enables enterprises to jump several levels in their ability to grow."

Cybereason's security platform is designed to continuously supervise the various endpoints in enterprises and detect attacks of various kinds. It relies on several computer learning algorithms capable of automatically detecting attacks of various types on a variety of devices and systems. Using artificial intelligence (AI) technology, the system gathers the information obtained from all of the enterprise's computers, analyzes it, and uses it to prevent attacks. It also detects attacks that have penetrated the enterprise's existing defenses and neutralizes them in order to prevent damage.

"When we talk about AI now, people regard it as a single entity, but that's not how it is with us. We look at each of the areas in which machine learning can give a serious boost, and in each one of them, we taught the machine how to identify different types of attacks, such as viruses, malware, ransom attacks, and unnatural activity by a user with management authorization. We use AI to connect all of these parts together into a single status report. In this way, we can detect that



something that happened three months ago and something else entirely that happened a month ago are a single attack that has to be stopped together," Div explains.

Cybereason's reliance on AI is probably one of the reasons that Softbank liked the company. The Japanese company recently announced that it was raising a designated fund for AI investments, in which Apple and Microsoft also invested. When Softbank and Cybereason announced the founding of a joint company, Softbank wrote in its announcement, "With the increasing sophistication of cyber-attacks in recent years... a new approach that quickly detects and deals with cyber-attacks is being called for. Cybereason's cyber-security platform, Cybereason, utilizes AI-based proprietary analytics to locate cyber-attacks... With Cybereason Japan acting as the sole agent, SoftBank will offer Cybereason in Japan."

Cybereason seeks to utilize AI to devise a system for detecting and preventing attack completely automatically. The current financing round will also support these development efforts. The company takes pride in the fact that a company using the big data analytics system it developed can already keep a single analyst to manage the protection of 150,000 computers, compared with the average in the market, which provides a solution for only 20,000 computers. "This means that the system makes decisions by itself in 95% of the cases, without a human being making any decision. For enterprises, this means that we're making the decisions for them," Div declares.

### **Allium Medical sells embolic protection system for \$17m**

US medical device company Cardiovascular Systems (CSI) is buying the easy to use and versatile WIRION system.

Israel's Allium Medical Solutions Ltd.

(TASE: ALMD) has sold the WIRION Embolic Protection System and related assets of its subsidiary Gardia Medical Ltd. to US medical device company Cardiovascular Systems, Inc. (CSI) (NASDAQ: CSII) for \$17 million.

The device, which received the EU CE Mark in June 2015 and US FDA clearance in March 2018, is a distal embolic protection filter used to capture debris that can be associated with all types of peripheral vascular intervention (PVI) procedures. Physicians typically use embolic protection devices in vessels located above the knee with long lesions, high plaque burden and poor run off.

The WIRION System is easier to use and more versatile than other available embolic protection systems because it can be used with any .014" guidewire and for all types of peripheral interventions. The WIRION System is also the only embolic protection device indicated for use with any atherectomy system. The WISE LE study also demonstrated a major adverse event (MAE) rate of 1.9%, which is lower than any other previously reported rates with other embolic filters. Importantly, no clinically significant distal embolization was observed when the WIRION System was used.

Allium Medical Solutions CEO Asaf Alperovitz said, "Allium Medical's mission is to develop innovative products to improve outcomes for patients around the world. We believe the WIRION System from Gardia Medical, one of our portfolio companies, will be highly synergistic with CSI's growing portfolio of products. We will continue to partner with CSI to execute a timely manufacturing transfer and get the product in the hands of physicians."

CSI chairman, president and CEO Scott Ward said, "The acquisition of the WIRION System further supports our commitment and mission of building a comprehensive portfolio of differentiated products aimed at saving limbs and improving outcomes for patients



undergoing complex peripheral interventions.”

CSI plans to commercialize the WIRION System in the US following the transfer of manufacturing from Gardia Medical. CSI expects the manufacturing transfer to be completed after a 12- to 15-month transition period. Gardia will retain the rights to the WIRION System for angioplasty and stenting procedures in the carotid arteries.



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