ISRAEL HIGH-TECH
& INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES JOSEPH MORGENSTERN, PUBLISHER
January 2013 Vol. XXVIII Issue No.1 You are invited to visit us at our website: http://ishitech.co.il

# A Quarter of a Century plus One

First pages of Dead Sea Scrolls online
More than six decades since the discovery of the Dead Sea Scrolls — and thousands of years after they were written — Israel and Google have partnered to put 5,000 images of the ancient biblical artifacts online.

Posted last month, the digital library contains the Book of Deuteronomy, which includes the second listing of the Ten Commandments, and a portion of the first chapter of the Book of Genesis, dated to the first century BC.

Israeli officials said this is part of an attempt by the custodians of the celebrated manuscripts — often criticized for allowing them to be monopolized by small circles of scholars — to make them broadly available.

"Only five conservators worldwide are authorized to handle the Dead Sea Scrolls," said Shuka Dorfman, director of the Israel Antiquities Authority. "Now, everyone can touch the scroll on screen around the globe."

Last year, Google partnered with the Israel Museum to put five scrolls online.

The scrolls, considered one of the most significant archeological finds of the 20th century, are thought to have been written or collected by an ascetic Jewish sect that fled Jerusalem to the desert 2,000 years ago and settled at Qumran, near the shore of the Dead Sea. The hundreds of manuscripts found in caves near the site have shed light on the development of the Hebrew Bible and the origins of Christianity.

Google says the new digital library took two years to assemble, using technology first developed by NASA. The multimedia website


**Our report was originally intended as a preparation for the date that your publisher would retire. Twenty six years have passed and we are sure that in this New Year we will have enough news to further expand our publication.**

**What has given us immesurable pleasure is the apparent use of our publication in raising capital for Israel's high-tech sector.**

**We ae pleased to note the many readers who write in for information about Israel's public companies.**

**Many students contact us and ask for information on about the high-tech scene.I wish all of our readers that include subscribers and Internet devotees a Happy, Healthy and Prosperous 2013.**

**Joseph Morgenstern**


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allows users to zoom in on various fragments, with translations and Google maps alongside.

Google hopes to further expand its project. Two months ago Google launched a "Cultural Institute," a digital visual archive of historical events in co-operation with 17 museums and institutes around the world.

**Cross-browser company Crossrider sold for $37m.**

Cross-browser extension developer Crossrider Ltd. has been acquired by a foreign Internet company, whose name has not been disclosed for $37 million. Crossrider CEO Koby Menachemi and CTO Shmueli Achdut, who founded the company in April 2011, and own more than half of it, will make more than $9 million each from the sale.

Crossrider raised $2 million in two financing rounds from private investors led by Oren Zeev, and joined by Gigi Levy, Michael Einsenberg, serial entrepreneur Tal Barmoach, and others. Menachemi told "Globes", "The investors are making a ten-fold return on their investment in 16 months. That's a phenomenal return. They still feel that there is something much bigger here, but it was the right decision to sell."

As for the decision to sell, Menachemi said, "We had several offers, even though the company was not up for sale. The potential is very great and the company has been profitable since March, but we weren't looking to be sold. We began receiving offers, and we think we have very strong synergy with the buyer, and it's important for us to continue."

Crossrider will continue to operate independently with its 18 employees in Tel Aviv. "We don't see ourselves leaving the company in the years ahead," said Menachemi.

Crossrider's platform enables developers to develop extensions that work on all popular browsers (Explorer, Chrome, Firefox, and Safari). 14,000 developers currently use the platform, and there have been more than 216 million downloads of extensions developed through the platform.

Crossrider's business model allows free use of the development platform and offers monetization models for developers and shares the profits with them. Menachemi says that a developer can offer a browser extension that will open a window when a user looks at a particular product on Amazon.com and offer him the product at a cheaper price at another website. If a sale is made, Crossrider shares in the revenue.

Menachemi says that the decision to sell Crossrider at such an early stage was pure economics, which would benefit the company, its employees, and investors. "With this sale, we will reach new heights. I think that the

**Israel High-Tech & Investment Report**
Published monthly since January 1985

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Annual subscription $95.- per year, for 11 issues,
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**Lifewatch Smartphone: Israel's technological gift to the world**

Israeli scientists at the Weitzmann University have invented the world's first medical smartphone. The technology enables the user to keep track of their own vital signs, peforming functions similar to those that bulky medical devices such as intensive care EKG monitoring machines formerly did.

Functionally, the Lifewatch V replaces within the Smartphone common medical instruments such as stethoscopes, thermometers, or pedometers to provide not only basic task support such as measuring heart rate, temperature or daily step counts but a comprehensive array of diagnostic readings as well. LifeStar ACT Ambulatory Cardiac Telemetry
Cardiac Arrhythmia Monitoring
Holter Monitoring
Clinical Research Services
LifeWatch Connect EMR Platform
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Currently an Android-based technology Lifewatch provides embedded sensors to measure secondary readings such as blood glucose and body fat percentage as well as perform at-home electrocardiograms and blood pressure readings with the attached sleeve.

**Hi-Tech Robots**

While there is no guarantee that Gilad Shalit will be the last IDF soldier to be kidnapped and imprisoned in Gaza, the army has an advantage today that it didn't have five years ago, when Shalit was nabbed: A fully mechanized and computerized patrol system that can provide full 24/7 coverage of events at the border, allowing soldiers to quickly and efficiently - and safely - respond to problems. The technology for this sophisticated robotic system was developed at the Research and Development Institute for Intelligent Robotic Systems, of the Computer Science Department of the College of Management Academic Studies (COMAS) of Rishon), and was visited by some of the top robotics minds from the U.S. visited the College in order to get a first-hand look at the new technologies the Institute is creating.

The Robotics Institute, among other things, develops artificial intelligence algorithms for robots to be used by Israel's military and security forces, to help guard Israel's borders and prevent kidnapping of soldiers by infiltrators. Already in production for several years, the Institute was the brains behind the development of the Genius Robotic Patrol system, which is in use on the Gaza border, and is produced jointly by Elbit and Israel Aircraft Industries. The system basically replaces infantry and jeep patrols along the border fence. An unmanned smart vehicle – controlled from a base station by a live soldier – follows the border fence road, avoiding obstacles automatically.

If it detects a problem – a breach in the fence, or the presence of an individual or object that shouldn't be there – it immediately transmits

pictures and data to the control center. At that point the soldiers in charge can decide how to handle the situation; for example, they can instruct one of the fighter pilots in the sky patrolling the fence area to zero in on the target, eliminating it. The robots actually travel in a fleet, says Dr. Yehuda Elmaliach, founder and director of the Institute. "This way, the area is fully covered even when one of the robots is engaged in a specific mission. Another robot that is part of the patrol can take over its duties, thus preventing the use of diversions by terrorists to get over the border or launch an attack," he says. This is the first land-based unmanned rover used for defense purposes.

The visitors, who included 13 university presidents and professors, included some of the leaders in robotics technology in the U.S. Among the delegation were Leo Morton of the University of Missouri, Dr. John L. Anderson of the Illinois Institute of Technology, and Dr. Gary D. Russi of Oakland University. All three schools have advanced robotics departments, and have worked on developing defensive systems for U.S. security services. The visitors were treated to the latest developments in robotics for security and defense purposes – all of which, says Dr. Elmaliach, can help save the lives of soldiers.

The Institute, headed by Dr. Elmaliach, was founded in 2008 on the initiative of Dr.Shmuel Itzikowitz with the help of the parents of three IDF soldiers, Benny Avraham, Adi Avitan and Omar Souad, who were kidnapped and killed by Hezbollah in 2000. A son of Prof. Itzikowitz was also in the same unit as the 3 soldiers, and at Benny Avraham's request, he had exchanged places with him and so was on leave when the attacks took place.

The Institute has set itself the goal of creating robot-powered applications for the military and security forces. It works closely together with the IDF Engineering Corps on projects to find technological solutions to prevent the circumstances facilitating the kidnapping of soldiers, an issue which is still very much on the mind of Israelis, with the prolonged captivity and recent release of IDF soldier Gilad Shalit. An increasing amount of robotic technology is being incorporated into militaries and security bodies around the world. According to the projection of the American FCS (Future Combat Systems), by the year 2015, one third of the US military will consist of unmanned forces (robots).

During the event, Prof. Itzikowitz introduced a video presentation about the events following the 2000 kidnappings, and discussed the role of Academia in the defense of Israel. He was joined by Dr. Elmaliach, an expert in artificial intelligence and robotics, who discussed the vision and activities of Robots in the Battle Field. In addition, IDF Colonel (Res.) Lior Lotan, former commander of an elite Special Forces unit, and one of the world's foremost experts in hostage situations and hostage negotiations, discussed the Israeli Experience of Counter Terrorism – Understanding the Threats, Counter Strategy, Tactics and Future Trends. Lotan was awarded the IDF Chief of Staff Medal of Honor for his part in an operation for the attempted release of abducted IDF solder Nachshon Waksman and was in charge of the negotiations in which Israel received the bodies of the 3 soldiers kidnapped and killed in 2000.

**Qualcomm acquires LTE and backhaul solutions DesignArt Networks**

Global wireless technology provider Qualcomm has acquired DesignArt Networks, a provider of small cell modem and system design for cellular base stations and high-speed wireless backhaul infrastructure. Terms of the deal were not disclosed. Reportedly, the company was sold for $120-$140 million.

DesignArt's system-on-chip (SoC) technology enables simultaneous operation of multiple

cellular and backhaul modems with low power consumption and high throughput. With this acquisition, Qualcomm adds the DesignArt LTE and backhaul solutions to its existing portfolio of small cell base station technologies and complementary Wi-Fi, Ethernet and passive optical networking (PON) connectivity solutions.

"DesignArt and its products will both enhance and accelerate our initiatives to drive increased capacity and coverage in mobile networks," said Craig Barratt, president of Qualcomm Atheros. "Operators can significantly improve user experience across residential, enterprise and outdoor networks given the greater network efficiencies derived by implementing small cells and heterogeneous networks."
DesignArt was founded in August 2006 by Oz Barak, the company CEO, and Assaf Touboul, CTO at DesignArt. Based in Ra'anana, Israel, the company investors include, Motorola Ventures, Carmel Ventures and Magma Venture Partners.

**Digital media company Perion acquires SweetPacks for $43 million**
Digital media company Perion Network (formerly IncrediMail) has acquired Israeli consumer internet company SweetPacks, for some $43 million in cash and shares.

SweetPacks offers a selection of products designed to enhance the user's digital experience. Its SweetIM application allows user to enhance their messaging experience and express in creative ways across online platforms like messenger, Facebook, and email.

"This combination provides meaningful scale and adds improved back-end systems that will strengthen our competitive advantage," said Josef Mandelbaum, Perion's CEO. "This acquisition further accelerates our own efforts to scale, adds 22 million new users, creating a larger and more profitable company."

"This combination is a unique and powerful opportunity to leverage the successes of both Perion and SweetPacks," said SweetPacks' CEO, Nadav Goshen, who will join Perion as its new Chief Operating Officer. "I firmly believe in Perion's vision for the future and am confident that together we can accelerate growth and increase profitability."

Founded in 2000, SweetPacks generated $29.7 million in revenues in the 12-month period ending September 30, 2012, with Adjusted EBITDA of $9.0 million, at a 30% margin. This is 89% higher than 2011 revenues of $15.7 million and almost double 2011 Adjusted EBITDA of $4.5 million.

Perion offers a growing portfolio of easy-to-use products, including: IncrediMail Premium, an e-mail product sold in over 100 countries in 8 different languages; Smilebox, a photo social expression product and service; and PhotoJoy, a photo sharing and discovery screensaver/ wallpaper product.

Founded in 2000, Perion is headquartered in Redmond, WA, with a research and development center in Tel Aviv, Israel. The company is traded on Nasdaq (PERI) and TASE, with a market cap of $90 million.

**EMC buys database monitoring company More IT**
US storage technologies giant EMC Corp. (NYSE: EMC) has acquired Israeli database and big data performance and monitoring company. The company did not officially announce the deal but published the acquisition on an official blog post by its Greenplum division senior director of strategy Mike Maxey. Terms of the deal were not disclosed but market sources believe that EMC will be paying $10-$20 million.

Based in Bnei Brak, More IT Resources was founded in 2006 and last year Shachar Efal

joined the company as an investor.

This is EMC's seventh acquisition in Israel. It bought storage systems company XtremIO for $430 million in May this year.

**Objet completes merger and $1.4b exit**

Israeli 3D printer developer Objet and US rival Stratasys have now merged into a new Israeli company called Stratasys.

Last weekend it looked like Retalix Ltd. (Nasdaq: RTLX; TASE: RTLX) acquisition by NCR at a company value of $800 million was going to be the largest Israeli exit of 2012. However, the next day that deal was surpassed. Israeli 3D printer manufacturer Objet Ltd. and its US rival Stratasys Inc. (Nasdaq: SSYS) announced that their merger has been completed creating a company with a value of $3 billion that will be incorporated in Israel.

The two companies first announced the merger in April 2012. In a reverse merger, the shares of the privately held Israeli company were merged with the publicly traded US company to create a new company, defining itself as Israeli but which will continue to be called Stratasys. Under the terms of the merger, the public will own 55% of the merged company, and the Objet shareholders will own 45% on a fully diluted basis. The value of the merged company last April amounted to $1.4 billion and because Stratasys had a former value of $766 million, Objet we can conclude was valued at $634 million.

Meanwhile, seven months have passed and the value of the two companies has risen sharply. The market cap of Stratasys during that period has doubled, both due to its own improved results and the results of the merged company, and it is now worth $1.6 billion. As the announcement today says that the new company has a value of $3 billion, this gives Objet a company value of $1.4 billion.

The closing value of the old Stratasys on Thursday will be the base for trading in the new share, and with the number of shares of the new company being almost doubled, the company value will rise by the same multiple. In this way, this complicated deal creates the largest Israeli exit of the year.

Objet CEO David Reis who becomes CEO of the new Stratasys told "Globes," This is an exceptional event in Israel's high tech world. It's a most abnormal event."

Stratasys founder and former CEO Scott Crump becomes chairman of the new company. Elhanan Jaglom, an Objet shareholder and former chairman becomes chairman of the new company's management committee. The new company, which to all intents and purposes will be an Israeli company, will operate from Minnesota and Rehovot.

Reis said that with the merger completed, the new company will operate on two levels: marketing and sales, and R&D. "The combined company has a broad portfolio of different printers of almost 20 kinds and we hope that this range will answer the needs of the two companies' customers.

He added that as a result of the merger marketing channels will be doubled. "In addition a large development body will be created that we hope can develop new products at more rapid rate than each company separately."

The new Stratasys will become the world's leading company in the field and will serve all those involved in design in every industry. "Our customers are shoe companies, medical companies, companies manufacturing defense equipment and more." Before the merger, combined annual revenue of the two companies was $277 million, Reis said.

Stratasys believes that within 18 months of the merger's completion, annual expenditure will be reduced by $7-8 million not including $3-4 million less in taxes. The new company expects revenue to grow by at least 20% annually, and non-GAAP operating profit of between 20% and 25%, and net profit of between 16% and 21%.

The new company will have 1,000 employees, and Reis insists there will be no layoffs. He said, "We are talking about two companies with rapid growth and we are hiring more employees all the time. Each quarter we hire dozens of employees."

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**New Arab Hi-Tech investment fund announced**

A newly established fund "For Better Future" (FBF) has raised $10 million to invest in Arab start-up companies in Israel. The founder of the fund, Naim Musa is also the head of Akman Business Group, which develops trade relations with Arab companies both in Israel and in the Middle East. In an interview with The Marker Newspaper, Musa said that he represents two international groups of Arab investors and that the fund is intended to raise an additional $40 million to support its work. "The groups investing in the project view the work of Arab engineers as an opportunity and as unfulfilled potential". He added that the fund is intended to supply companies with working spaces and technological infrastructure in return for stock investment in the company. "Our aim is to create a place that will enable companies to promote their ideas", Musa said.

The launch of the fund was announced two weeks ago at a press conference in Nazareth. The co-founders of the fund are businessmen Yaqob Bulus, and Izat Dabbah. According to Musa, Bulus will be responsible for identifying

start-ups for potential investment.
The hi-tech and entrepreneurship scene in Nazareth has been flourishing in recent months. In September, the city hosted a hackathon event in which 14 teams developed mobile apps for 30 hours. The event was sponsored by companies such as Tsofen and Google Israel. This weekend, the city will host the "Start-Up Weekend". The event will last for 54 hours and will bring together entrepreneurs who will work on various hi-tech projects. Start- Up Weekend Nazareth is organized by Juna Khalili, Sami Abboud and Bishara Rizk and is sponsored by JVP, CISCO Israel, Google, Mercy Corps, NGT, MEPI, NET-STech and the Business Hub in Nazareth.

**A history of Intel's R&D in Israel**
There are dozens of multinationals with development centres in Israel, but no company has embraced the idea of Israeli-based R&D more than Intel.
With four design centers and two fabrication plants, Intel is Israel's largest private-sector employer, with about 8,000 direct workers. As the biggest tech company in Israel, it is responsible for much of the country's hi-tech ecosystem, with one out of every 10 people in tech working either directly or peripherally for projects associated with Intel.
intel haifaIntel's R&D center in Haifa, Israel (Image credit: Intel)

Operating in Israel since 1974, some of Israel's most important products were conceived, designed, and manufactured in Israel, according to Rony Friedman, Intel corporate vice president and general manager of the Intel Architecture Development Group (IADGz).

"Intel Israel's biggest contribution has been in the development of microprocessors, which are being used in a wide variety of products, for desktop, mobile, and workstation solutions," says Friedman. "We also do work on connectivity products and security technologies here, as well as development of digital devices."

Among the technologies recently worked on by the Israeli team are Cedarview, Intel's new processor for netbooks, and Cloverview, the processor that will be used in the new Windows 8 tablets due later this year.

Intel stars
The first Intel product to put Israel "on the map", says Friedman, was Banias, better known as the Pentium M microprocessor, the microprocessor introduced in 2003 that arguably kicked off the notebook era.

Intel shows off 3D Tri-Gate transistors
Another important product that, like Banias, was conceived, designed, directed and manufactured in Israel, was Merom, the Core-2 notebook processor heir of the Pentium M. Introduced in 2006, Merom was the first Intel technology to produce a microprocessor for mobile, desktop, and server products, according to Friedman. "Merom especially helped boost Intel's stature in the server market," Friedman says.

And of course, there are the current Intel stars: the Sandy Bridge and Ivy Bridge family of processors, all designed, manufactured, and managed by the Israel team.

At a recent press conference, Intel revealed that Sandy Bridge was responsible for 40 percent of the company's sales worldwide in 2011.

The more complicated products get, the more likely it is that teams from around the Intel world — notably the US and India, as well as Israel — will be working on products together, Friedman says.

That appears to be the case with the upcoming Haswell processors: though they were largely designed in the US, the 22nm tri-gate 3D transistors inside them (and which are already

in use in Ivy Bridge processors) are made in Israel, at Kiryat Gat's Fab 28 plant.

"Within five years all of the human senses will be in computers. And, although it appears that Intel is prepping its fab in Ireland to manufacture its next-generation 14nm transistors, there will be plenty of action for Intel Israel, both in development and manufacturing.

"We have numerous future technologies that we are already working on in Israel, although of course I can't discuss them, since they haven't been announced," says Friedman.

Some of those technologies could include enhancing video streaming — building on the Intel WiDi (wireless display) technology developed by Intel Israel; enhanced connectivity using Thunderbolt (or other connectivity technologies), also largely developed in Israel; and enhancements to Intel's security software (Intel's IPT — Identity Protection Technology — was developed in Israel).

It could even include new areas that Intel is apparently exploring, based on recent acquisitions, such as that of navigation software maker Telmap — one of several Israeli start-ups that Intel has snapped up in recent years.

Computational intelligence
Or, perhaps, development could focus on the new field of computational intelligence, defining interactions between humans and computers.

In May, Intel announced that it was establishing the Collaborative Research Institute for Computational Intelligence in Israel, focusing on applying machine learning, brain-inspired computation and advanced computer architecture to software.

"Within five years all of the human senses will be in computers, and in 10 years we will have more transistors in one chip than neurons in the human brain," says Mooly Eden, president of Intel Israel. "The expectations from the Institute for Computational Intelligence is that it will provide a leap forward in research and in ideas that will be translated into products and applications."
Whatever the future brings for Intel, its Israel facilities will remain a large part of the company's strategy, according to Friedman: "If Intel had had any doubts about Israel, whether financial, personnel-oriented, or security-oriented, they would not have continued to build the company's relationship with Israel."

**Lifewatch Smartphone**
Scientists at Israel's Weitzmann's Institute have invented the world's first medical smartphone. The technology enables the user to keep track of their own vital signs, peforming functions similar to those that bulky medical devices such as intensive care EKG monitoring machines formerly did.

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Currently an Android-based technology, Lifewatch provides embedded sensors to measure secondary readings such as blood glucose and body fat percentage as well as perform at-home electrocardiograms and blood pressure readings with the attached sleeve.

**Bringing ads to your phones**
Taptica, a year-old company founded by technology and media entrepreneur Kobi Marenko,

positions ads on more than 1,000 applications and mobile search engines.
Mobile technology (i.e., smartphones and tablets) is considered one of the most promising fields for advertising. Three years ago, research company eMarketer forecasted that in the U.S. alone, where the mobile ad market now fetches $2.6 billion, is expected to reach a staggering $11.8 billion by 2016. Experts have also surmised that by 2013, advertising on mobile platforms will grow by 100%, and even higher growth is expected in European countries including Britain, France and Germany.

It's no surprise, then, that the past year saw the birth of numerous mobile advertising companies that focus on ad placement on apps and sites, and work to optimize their presentation to consumers. Sizeable mobile advertising firms like Millenial Media have also unveiled IPOs in the last year.

Among those firms is Taptica, launched in January by technology and media entrepreneur Kobi Marenko. The company's goal, in its own words, is to "connect advertisers with their most relevant audiences and help publishers maximize their full earning potential."

Unlike Google's AdMob, which sells ads based on the cost per click (CPC) model, or cost per exposure (CPM) model, Taptica relies on cost per action (CPA). In other words, the advertiser pays based on the number of users who complete a transaction, such as registering for a game, or filling out personal details like address and phone number on a registration form or providing a credit card number.
A company – for example, a travel agency or gaming company, or an agency that buys advertising for them – gets a budget from the advertiser, and in exchange for that budget it is obligated to attract as many users as possible who will download an app, buy a product or perform some other action after viewing the ad.

Taptica positions ads on more than 1,000 applications and mobile search engines. The company's revenue comes from advertisers, who provide Taptica with about $2-3 per user. To maximize the number of users, Taptica employs a computerized system it developed itself: Of several versions of a banner ad entered into its system, Taptica matches the most appropriate version of the ad to the user, based on data such as that user's residence, interests (drawn from patterns of behavior using other apps on the device) and cellular provider (which may hint variables like socioeconomic status). The system also studies a user's response patterns and knows when to pull the ad if response rates are too low.

Taptica's activities are aimed at the U.S. market, because, Marenko says, they lead the global mobile ad market. Combined with Britain, the U.S. accounts for roughly 60% of Google's spending on mobile ads. Taptica has about 100 clients, including gaming firms like EA and popular game developers like FIFA and The Sims.

"The gaming sector spends the most advertising money on applications in the U.S.," says Marenko. "After gaming comes the tourism sector, with sites like Booking.com and Hotels.com. In third place are marketing companies, which use mobile advertising to offer coupons to its users. A lot of consumer choices are made on mobile devices, and companies invest in advertising so that customers can compare prices by scanning barcodes on their smartphones."

Google teaming with Israeli high-tech startups
The international technology giant HAS launched its "Campus Tel Aviv," a 1,500 square foot (140 square meter) space that will hold regular events for local entrepreneurs and offer access to Google staff and other industry experts.

The facility will also host "Launchpad," a selective, free two-week boot camp for early stage

startups. It plans to help 100 promising Israeli startups there each year.

Google calls the facility an "innovation hub" for Israel's many startups.

Prime Minister Benjamin Netanyahu attended Monday's launch and praised Israel as the "startup nation," the world's second largest center of tech startups after Silicon Valley.

"The world is flying fast," he said, "and we're leading the way."

Google started its first Launchpad last year in London.

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Menachemi says that the decision to sell Crossrider at such an early stage was pure economics, which would benefit the company, its employees, and investors. "With this sale, we will reach new heights. I think that the buyer made a great deal," he said.

Menachemi and Achdut met while working at financial portal Seeking Alpha. They were introduced by Seeking Alpha CEO David Jackson, who suggested that they co-found a venture. Menachem says that the idea for Crossrider was developed to meet a personal need. "I wrote a browser extension for Chrome to solve a small problem I faced on it. Within two days, I saw that 30,000 people had downloaded the extension, so I decided to adapt it to Firefox and Explorer. But we realized that this was complicated and took a long time, so we decided to

establish a platform to facilitate the work," he said.

Lifewatch Smartphone: Israel's Technological Gift to the World

Israeli scientists at Wetzmann University have invented the world's first medical smartphone. The technology enables the user to keep track of their own vital signs, peforming functions similar to those that bulky medical devices such as intensive care EKG monitoring machines formerly did.

Functionally, the Lifewatch V replaces within the Smartphone common medical instruments such as stethoscopes, thermometers, or pedometers to provide not only basic task support such as measuring heart rate, temperature or daily step counts but a comprehensive array of diagnostic readings as well. While individual apps previously have been developed and currently exist for various individual tests or groups of tests, this is the first medical all-in-one Smartphone.

Currently an Android-based technology, Lifewatch provides embedded sensors to measure secondary readings such as blood glucose and body fat percentage as well as perform at-home electrocardiograms and blood pressure readings with the attached sleeve.

NICE Systems launches voice fraud solution
The system includes non-intrusive voice biometrics technology, speech and transactional analytics, and real-time capabilities.

NICE Systems Ltd. (Nasdaq: NICE; TASE: NICE) today announced the launch of its Contact Center Fraud Prevention solution. The system tracks fraud patterns and screens all phone interactions for fraud against a watch list of known fraudsters. The solution brings together the extensive expertise of NICE's Actimize unit's in fraud with its years of experience in the contact center. NICE said that the solution could be deployed as a standalone contact center solution or as part of the NICE Actimize enterprise fraud system.

NICE explained that organizations will be able reduce fraud-related losses without creating service hurdles or compromising the customer's experience by adopting a multi-layered approach. This includes non-intrusive voice biometrics technology, speech and transactional analytics, and real-time capabilities.

NICE cites claims by Aite Group claims that fraud in contact centers is on the rise and, while many businesses have recognized the need to protect customer data and secure online transactions, the phone channel has become a target for fraud. Datamonitor estimates that 20% of people who are defrauded will leave the institution at which this occurred.

NICE Enterprise Group president Yochai Rozenblat said, "The contact center is a prime target for fraudsters and enterprises must be prepared to ensure that this area of their business is as well protected as online transactions. By leveraging our contact center best practices with our fraud prevention practice, we were able to create an end-to-end solution that offers proactive fraud detection, real-time guidance, and integrated fraud case management. We believe that our advanced fraud prevention technology will help businesses boost their reputations, protect their customer base, and significantly reduce fraud losses."

Israel's arms exports increased by 20 percent in 2012
Military exports have fluctuated widely in recent years, peaking at around $7 billion in 2009-2010. Israel is ranked between fourth and sixth

in the world for weapons sales.

Advanced Israel Military Industries weapons systems
Advanced Israel Military Industries weapons systems Photo

Defense equipment exports for 2012 are believed to have reached $7 billion, a 20 percent increase compared with 2011, according to preliminary Defense Ministry estimates. Final figures will be available in March.

Military exports have fluctuated widely in recent years, and peaked at around $7 billion in 2009-2010. Israel is ranked between fourth and sixth in the world for weapons sales.

Israel exports most of its weapons to the United States and Europe, followed by Southeast Asia and South America. Export to African countries is marginal.

Part of the last year's rise in exports stems from a $1 billion arms deal with Italy. Israel is buying new training jets from the Air Force from Italy, which has undertaken a mutual procurement contract - to purchase goods in like value from Israel. Italy's purchases in Israel include unmanned aerial vehicles.

At a meeting of ministry staff last week, Defense Ministry director general Udi Shani said the ministry anticipates an increase in weapons sales to Azerbaijan, Poland, Vietnam and Brazil this year.

Advancing weapons exports is a major goal for the ministry, Shani said. Apart from strengthening the IDF - by reducing production costs of local systems bought by the army - it contributes to the economy as a whole, he said.

Israel's export of weapons is increasing at a time of a global economic crisis that has led numerous states to reduce weapons purchases since 2008. The crisis may become more acute in view of the United States' planned cutbacks in the defense budget this year.

This is expected to have indirect repercussions on Israel; because reducing the contracts with the administration will force the American industries to seek other markets abroad, increasing the competition with Israel's defense industry.

The Defense Ministry's goal is to export $10 billion worth of weapons a year within a few years. Ministry officials hope to achieve this goal by increasing the investment and aid to small and medium defense industries, whose market share is now quite low.

Ministry sources said all Israel's weapon-export deals are carried out with the Foreign Ministry's approval. Also, Israel would not permit exporting weapons to states that violate human rights, they said.

$5.5b in Israeli exits in 2012
2012 was a record year exits by Israeli companies, pwc Israel said today. It reports that exits by high-tech companies totaled $5.5 billion in 2012, the second highest year, after the $10 billion in 2006.

PwC Israel said that the figure does not include the acquisition of NDS Ltd. by Cisco Systems Inc. (Nasdaq: CSCO), because NDS is not an Israeli company, or the merger of Objet Ltd. with Stratasys Inc. (Nasdaq: SSYS). If counted, these two transactions would have added $5.7 billion to the 2012 exit total.

According to PwC Israel, the average exit transaction in 2012 was $111 million, the highest figure since 2005. There were 50 exits altogether. A breakdown by industry shows that the largest number of acquisitions was in IT and enterprise

software, amounting to $1.8 billion altogether. The biggest deal was the acquisition of XtremIO by EMC Corporation (NYSE: EMC) for $430 million.

Exits in the life sciences industry totaled $1.28 billion in 2012, and exits in the telecommunications industry totaled $1.12 billion. The Internet lagged, with $554 million in exits.

PwC Israel partner, High Tech Assurance Practice, Rubi Suliman said, "The starting point for 2013 has all the necessary components to exceed 2012. Furthermore, we believe that we will also see a bunch of interesting IPOs by Israeli companies."

**IDE wins desalination contracts worth $650m in US**

The Delek and Israel Chemicals joint venture will supply design and supply equipment for the Carlsabad desalination plant in San Diego, and operate it for 30 years.

IDE Technologies Ltd., owned in equal shares by Delek Group Ltd. (TASE: DLEKG) and Israel Chemicals Ltd. (TASE: ICL), has signed a $150 million contract with one of the largest desalination ventures in the US to plan and supply equipment for the largest desalination plant in the country. The plant will be built near the Encina power station in Carlsabad, in San Diego County, California.

IDE has also signed a $500 million, 30-year operating and maintenance contract with Poseidon Resources LP for the desalination facility, which will produce up to 200,000 cubic meters of drinking water a day in 2016. The Carslabad desalination plant will produce 7% of the area's water consumption by 2020.

"The Carlsabad desalination project is an important milestone for us, for the State of California, and for the US in general. We believe that it will pave the way for the future of desalination in America," said IDE president and CEO Avshalom Felber.