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Venture Capital is Thriving

1967 was an epic year as Israel launched and won in lightening speed what has been hailed as the Six Day War. Israel was well armed with jet planes and other military equipment. However Charles de Gaulle was piqued by Israel's rapid victory, He announced an arms embargo, This meant that plane parts and other equipment would no longer be available to Israel.

Dan Tolkowsky the one time Chief of Israel's Air Force foresaw the need of establishing technology based industries. In due course he established Athena Venture Partners, which in 1984 became Israel's first venture capital company.

Thirty years later the venture capital industry had blossomed. In 2014, 12 Israeli venture capital funds raised $914 million, the most raised by Israeli venture capital funds in six years, according to the Israeli venture capitalfund raising 2014 report compiled by the IVC Research Center. The report found that fund raising was up 68% last year from $544 million raised by 11 VC funds in 2013, and was 18% above the 10-year average of $777 million.

Four veteran Israeli venture capital funds raised more than $100 million each and accounted for 64% of total capital raised in 2014. Carmel Ventures fourth fund attracted the largest amount - $194 million, while Magma raised $150 million for its fourth fund, less than two years after closing its previous $110 million fund. JVP made a first closing of $160 million of a targeted $180 million for its seventh fund, while Vintage's seventh fund attracted $144 million, 50% of which is being allocated to Israeli investments.

The average fund size in 2014 reached $76 million, 55% up from $49 million in 2013, and up 46% from $52 million in 2012. The increase reflects the raising of more medium sized funds

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and fewer micro venture capital funds than in each of the previous two years.

A favorable window of opportunity for fund raising, has enabled a number of management companies to progress from a micro VC model to mid-size range, which offers more investment flexibility. Funds having scaled up include Amiti Ventures and Glilot Capital, but it remains to be seen if more of the existing micro-VC funds will follow suit or choose to maintain the micro VC fund model.

On the other side of the spectrum, there is an awakening of late and growth stage venture capital funds that focus on companies with proven product viability and expanding sales. Many such companies have the potential to develop into large global corporations and are stimulating the demand for more late stage funding. Qumra Capital, founded by former Evergreen partners Boaz Dinte and Erez Shachar, and Agate Korea are two examples of firms active in the growth market. In addition, at least five more funds are in various stages of capital raising and are focused at late stage companies and growth funding. Interestingly, funds in this group opt for a wide variety of investment mechanisms that include growth venture capital, venture lending, mezzanine financing and private equity.

The record number of Israeli portfolio companies with valuations of hundreds millions of dollars, together with positive investor sentiment in Nasdaq, has made it easier for VC firms to show good returns and raise capital. In the past 24 months, global and Israeli VC returns have been among their highest ever. This has encouraged new limited partners from China and Israeli institutional investors to join the more traditional investors in Israeli VCs, such as university endowment and US public pension funds.
The growth of Israel's venture capital industry is traced to six cycles of fundraising that peaked in 2000 when $2.9 billion was raised, and declined until 2003 when only $64 million was raised. The industry's sixth cycle, which started in 2011, began a recovery and raised a total of $3 billion over four years through the conclusion of the cycle in December 2014. A seventh cycle, underway now in 2015, already looks promising.

At the beginning of 2015, IVC found that some $1.8 billion was available for investment by Israeli venture capital funds. Of this amount, $462 million (25%) is earmarked for first investments. The remainder is reserved for follow-on investments.

99 Israeli high-tech exits totaled $6.94 billion in 2014, up 5% from $6.59 billion in 2013 when there were 90 exits, reports IVC Research Center and law firm Meitar Liquornik Geva Leshem Tal. Although last year's figures were close to those of 2013, a detailed analysis reveals significant changes and interesting exit trends.

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Israeli exits totalled $15 billion in 2014. IVC explained that the methodology relates to capital raised in the exits, while PwC related to the total value of the companies.

2014 saw significant growth in the number and size of IPO exits. 17 IPOs accounted for $2.1 billion, compared to eight IPOs worthy $360 million in 2013. MobilEye, the largest IPO of 2014, Mobileye(NYSE: MBLY) raised slightly over $1 billion and was listed on the New York Stock Exchange. There were 11 Israeli high-tech IPOs on Nasdaq in 2014, raising amounts ranging from $35 million to $150 million. The second largest IPO in 2014 was made by SafeCharge International Group plc (AIM: SAFE) on London's AIM.

Meitar Liquornik Geva Leshem Tal partner Alon Sahar noted that even though total capital raised through exits in 2014 was not much different from 2013, the blend of deals is instructive. He said, "The interesting finding of 2014 - in fact the reassuring one - is connected to the increasing number of IPOs. Sometimes IPOs reflect a 'market trend' stemming from public readiness to invest in certain sectors, such as life sciences. In other cases, IPOs reflect the real ability of the industry to build larger companies for the long term."

Sahar said a correlation can be found between the volume of IPOs and the number of growth round deals, which is also on the rise. "In light of success stories such as Mobileye and CyberArk, two companies that brought on investors at later stages and then followed the IPO road, more companies can be expected to turn in the same direction. This trend and the appeal of building larger companies may also explain current findings on M&A proceeds, where the number of deals below $5 million dropped to the lowest in a decade, with only 25 deals."

Record $15b Israeli high-tech exits in 2014

In 2014, deals involving Israeli and Israel-related companies that were acquired or merged were valued at $4.84 billion, 22% down from $6.23 billion in 2013. Analysis of M&As by deal size reveals a 45% rise in the number of deals ranging from $100 million to $500 million in 2014. 16 M&As accounted for $2.91 billion, down from 11 deals in 2013 worth $2.57 billion. Five deals ranging between $50 million and $100 million brought in $425 million, 73% down from four deals in 2013 worth $246 million. The number of M&As ranging from $10 million to $50 million rose 13% from 2013.

Further analysis of exits found that proceeds from deals ranging from $50 million to $100 million soared 156% from 2013. The increase reflected a large number of IPOs - 8 out of 13 exits - accounting for 58% of total proceeds within the range. Exits worth less than $5 million fell 36%, continuing the trend from 2013.

Changes in the deal size appear to be responsible for two contrasting trends, the research found. On the one hand, the average M&A deal in 2014 fell to $59 million from $62 million in 2013, in deals below $1 billion. On the other hand, in 2014 there was a notable jump in the M&A return on equity ratio, reaching an average of 6.22 from 4.29 in 2013. The calculation is made as a ratio between capital from M&A exits and the total capital raised by companies prior to their exit. The measure reflects the relative value received by company investors following a company

Microsoft is to buy to buy Aorato start-up at estimated for about $200 million

Microsoft Corp. (Nasdaq: MSFT) has confirmed that it is buying Israeli cyber security start-up Aorato Ltd.. Financial details were not disclosed, but two people familiar with the matter told the "Wall Street Journal" that the acquisition price was around $200 million. "Globes" reported talks between the two companies in July

Microsoft Corporate Vice President Cloud and Enterprise Marketing Takeshi Numoto said on his blog today, “ I’m pleased to announce today that Microsoft has acquired Aorato, an innovator in enterprise security. We are making this acquisition to give customers a new level of protection against threats through better visibility into their identity infrastructure. With Aorato we will accelerate our ability to give customers powerful identity and access solutions that span on-premises and the cloud, which is central to our overall hybrid cloud strategy.

“We all know corporate security is more important than ever. Nearly every day there are more headlines about breaches, fraud and data loss. Unfortunately, compromised passwords, stolen identities and network intrusion are a fact of life. Companies need new, intelligent solutions to help them adapt and defend themselves inside the network, not just at its edge.

“Aorato’s sophisticated technology uses machine learning to detect suspicious activity on a company’s network. It understands what normal behavior is and then identifies anomalies, so a company can quickly see suspicious behavior and take appropriate measures to help protect itself. Key to Aorato’s approach is the Organizational Security Graph, a living, continuously-updated view of all of the people and machines accessing an organization’s Windows Server Active Directory (AD). AD is used by most enterprises to store user identities and administer access to critical business applications and systems. Therefore, most of our enterprise customers should be able to easily take advantage of Aorato’s technology. This will complement similar capabilities that we have developed for Azure Active Directory, our cloud-based identity and access management solution.

“We are excited about the technology that Aorato has built and, especially, the people joining the Microsoft team through this acquisition. In the mobile first, cloud first era, Microsoft is committed to moving nimbly and aggressively to provide customers with solutions to their top challenges.”

Aorato raised $10 million in January from Accel Partners Eric Schmidt’s Innovation Endeavors and Glilot Capital Partners, and private investors Mickey Boodaei, a co-founder of Imperva Inc. and Trusteer. Last year Boodaei earned $151 million from the sale of Trusteer to IBM.

Aorato was founded in 2012 by CEO Idan Plotnik, VP R&D Michael Dolinsky, and VP professional services Ohad Plotnik. The company is based in Herzliya and has 10 employees and has raised $11 million to date.

All the founders served in the IDF cyber security unit, and have a decade of experience in the field. The company says that its product is “the first context-aware, behavior-based Directory Services Application Firewall (DAF). The company’s solution profiles, then not only learns, but also predicts entities’ behaviors enabling context aware real-time decision making.”

The Plotnik brothers previously founded Foreity which was acquired by Aman Group in 2012.

Recent acquisitions in Israel by Microsoft include video search company VideoSurf in 2011 and 3DV ventures and gesture recognition company 3DV Systems in 2009.

Windward, CyberSeal win security innovation

The Homeland Security and Cyber Security Innovation Competition is organized by Israel’s Chief Scientist.

At last week’s annual Homeland Security (HLS) Conference in Tel Aviv, the Chief Scientist at the Ministry of the Economy announced the winners of the Homeland Security and Cyber

Security Innovation Competition. The aim of the competition is to foster leadership from research to commercial implementation, for the benefit of Israel's economy and industry.

First place in Homeland Security and Cybersecurity was awarded to Windward, an intelligence and information technology company supplying analysts with data on the movement of ships around the world. Windward will receive a $3,000 grant for participation in an expo in its field, as well as a place in the prestigious program sponsored by the California-based Merage Institute and a one-year membership of the Israel Export Institute.

Second place was awarded to CyberSeal, a company that provides cyber-security solutions to mission critical networks and applications. The company will participate in the program sponsored by the California-based Merage Institute and will receive a one-year membership at the Israel Export Institute.

The Office of the Chief Scientist established the KIDMA program (Advancing Information Security in Israel) in collaboration with the Israeli National Cyber Bureau. The program seeks to reach out to Israeli entrepreneurs and companies developing new technological solutions for defense in different cyber areas.

Dozens of companies with novel cyber-security initiatives registered to compete in the cyber and HLS competition, organized by the Chief Scientist through the Israeli Industry Center for R&D (MATIMOP) and the Israel Export and International Cooperation Institute. The criteria for choosing the winners include innovation, international-level breakthroughs, ability to implement technological solutions in the State of Israel, commercialization, the company's economic/commercial potential and the company's commitment to the issue of cyber-security.

Chief Scientist Avi Hasson said, "Novel Israeli solutions are raising a great deal of interest around the world. Thanks to the unique capabilities developed by the security establishment and through the government's recognition and support for the issue, Israel is a world leader in information security. Israeli companies' impressive research and achievements are a source of pride throughout the world - these achievements reflect the direct support and the encouragement this field receives."

Windward was established in 2010 by Matan Peled and Ami Daniel (both veterans of the Israeli Navy), shortly after commercial satellites began to be used to pinpoint the precise location of ships on the open sea.

The company combines "old world" naval skills with modern data science, offering technology and intelligence that enables analysts to monitor the movement of all ships around the globe and automatically determine whether a particular vessel may be involved in illegal activities. Additionally, the company is developing new technology which can map the global movement of goods and help traders on Wall Street and other financial entities identify and determine trade opportunities in real-time.

CyberSeal supplies cyber-security solutions for mission critical networks and applications. The company offers tailor-made solutions for its clients as well as a unique line of products for protection of landline and cellular communications networks. The company's technology for identifying cellular attacks offers an efficient solution for dealing with cyber threats in these networks. CyberSeal was established in 1998 under the name WebSilicon and was bought in late 2012 by Magal Security Systems Ltd. (Nasdaq: MAGS; TASE: MAGS), a world leader in security solutions. With the addition of CyberSeal, Magal offers a comprehensive solution for protecting infrastructure and critical installation

Mellanox components chosen for fastest-computers

The US Department of Energy hopes to develop computing systems that will be 20-40 times faster than today's supercomputers.

Mellanox Technologies Ltd. (Nasdaq:MLNX) has been chosen to be part of a US government project to provide key components for new supercomputers at two of the country's premier national labs - Oak Ridge National Laboratory (ORNL) and Lawrence Livermore National Laboratory (LLNL). The US Department of Energy is allocating $425 million for the High Performance Computing (HPC) project.

Microsoft buys text analysis Equivio for $200m.

Three months after a report by "The Wall Street Journal" and two months after acquiring Israeli company Aorato, Microsoft today confirmed that it is acquiring another Israeli startup, Equivio, for $150-200 million. Equivio is developing text analysis software capable of attaching various related texts from a collection of many documents, including e-mails and various types of documents.

The algorithm in the program is already being used by enterprises providing support services for law firms, for example by collecting and analyzing data in various legal documents relating to the relevant information. Other organizations also using the program include the US Department of Justice, the US Federal Trade Commission, and US law firms KMPG and Deloitte.

The software is capable of summarizing and condensing lengthy written content, and operates in the big data segment for texts. Microsoft plans to integrate the product in its Office 365 package, and in order to bolster the productivity of its users.

Equivio's exit comes after many years of activity in the market, but the company has raised little capital. Founded in 2004 by Amir Milo, Yiftach Ravid and Warwick Sharp, the company raised only $500,000 from private investors, meaning that its investors are making their initial investment back 400 times. The company has only a few dozen employees in its Rosh Ha'Ayin center.

Microsoft paid $200 million for its previous acquisition of Aorato, which raised $10 million in January 2014. The company's investors include Accel Partners; Innovation Endeavors, controlled by Eric Schmidt; Mickey Boodaei; and Glilot Capital Partners, which invested in Aorato's previous financing round a year earlier. Aorato has raised a total of $11 million since its founding.

Aorato has 10 employees in its Herzliya offices. Founded in 2012 by CEO Idan Plotnik, Michael Dolinsky, and Ohad Plotnik, the company focuses on an angle mostly ignored by information security startups. Idan and Ohad Plotnik's prior careers also involved information security for Microsoft systems. A few years ago, they founded a company named Foreity, acquired in 2012 by Aman Computers, that provides information consultation for enterprises.

Knee, back treatment AposTherapy raises $15m.

The company uses a uniquely calibrated shoe to treat knee and back pain.

AposTherapy, which has developed a treatment for knee and back pain using unique individually calibrated shoes, has completed a $15 million financing round at an estimated $100 million company value, after money. Previous investors, including Pitango Venture Capital, Aviv Venture Capital, and Invus, accounted for half of amount invested in the current round, and private US investors, including David Levy, responsible for the health sector in international firm PricewaterhouseCoopers, and CD&R senior partner Richard Schnall, accounted for the other half. AposTherapy has raised $30 million to date, and has 140 employees. The company has already been marketing its services for several years, mainly in Israel and the UK, but also in Singapore, the US, and other countries. The treatment is fairly well recognized in Israel, and is subsidized by a number of health funds and private health insurance companies. There is also partial insurance reimbursement for the treatment in the UK.

AposTherapy currently treats 50,000 patients, each of whom pays several thousand dollars, so the company has posted to date at least tens of millions of dollars in revenue. AposTherapy also recently appeared at the Oppenheimer conference for promising private companies, which may signal its future intention to turn to overseas capital markets or strategic investors. In a lecture at the conference, AposTherapy CEO Elad Duschak talked about changes currently taking place in the company's business strategy.

Up until now, the company's business model was the supply of medical service and a medical device on a hybrid model. The service includes diagnosis of the problem in the walking dynamics of the patient, whose attempt to avoid the pain is liable to make it worse. The treatment includes adapting the shoes with special curvatures that force the patient to alter his walking dynamics in order to walk. The adapting and training are carried out by physiotherapists on behalf of the company. The fact that the company itself performs the service constrained its ability to develop rapidly in international markets. The company is now trying to change its model by transferring its service activity to physiotherapy institutes, while concentrating on research and development of the device and the manufacturing process.

In 2015, the company will focus on expanding its business in the US market. This year, the company is working with eight physiotherapy clinics in New York, and by 2016, it aims at having dozens of trained clinics offering the product/service. China is also knocking on the door in the company's strategic plans, Duschak said at the conference.

AposTherapy's treatment competes with pain relievers and extremely complex back and knee surgery for ending the unbearable pain, which in some cases can be stopped by using the product. The treatment also constitutes an alternative or supplementary product for physiotherapy. The patient must walk at least one hour a day using the shoes in order to obtain results, but they can also be used as ordinary shoes (a person used to the shoes can walk in the them at normal speed, and they are not conspicuous). The company's studies show that 86% of users reported less pain within five weeks.

Apax and Bright Food agree Tnuva sale price

Last March, Reuters reported that Nico Hansen, investment committee chairman and partners in the global Apax fund, said that the new fund would acquire 10 Israeli technology, telecommunications, consumer, and health companies for an aggregate total of $25-100 million, and that the fund expected to raise $500 million from local investors.

In addition to the investment by its partners, AMI is also unique in another way: this is the first time that Apax is establishing a fund for investments in a specific country. The global Apax fund has made several acquisitions in Israel in recent years, but these were mainly large and leading companies. Worthy of note are Apax's holdings in communications giant Bezeq Israeli Telecommunication Co. Ltd. (TASE: BEZQ), sold at a large profit; food concern Tnuva Food Industries Ltd., which stands to be sold to Bright

Food; and Psagot Investment House Ltd., Israel's largest investment house (76%). Sources close to Apax say that these acquisitions gave the fund's investors a return of over 30%.

Apax's investments in Israel consist mostly of companies that dominate their field of business. In recent months, despite still being in the midst of raising capital, AMI was rumored to be interested in several companies, including New Pharm, Israel's second largest drugstore chain; paint company Tambour; the Yad2 website; and Internet group Zap. None of these became acquisitions. It is reasonable to assume that now that the financing round for the new fund has been completed, its portfolio will start filling up.

IAI founding space technology incubator

Israel Aerospace Industries MBT Space Division head Ofer Doron announced the move at the "Globes" Israel Business Conference.

Space is the next goal that the Israeli high-tech industry will try to reach. This was the most exciting thing to emerge from the "Start-ups" panel that closed the "Globes" Israel Business Conference yesterday. Prof. Isaac Ben-Israel, chairman of the Israel Space Agency, who chaired the panel, began the discussion by relating how he had to persuade the Israeli government to set up the agency. "This is a market worth $300 billion annually, and there was no reason that Israel should not take a percent or two of it. Every percent is $3 billion in sales. 2% is already a macro-economic matter. The government agreed to put in a small amount of money, from its point of view, the entire aim of which was to leverage the assets that the defense establishment had built up, in order to commercialize the field and make it economic."

The discussion mainly centered on the question of what differentiates a space industry start up form a regular start up. "Unlike with applications or other products, in space you can't easily put mistakes right, and the price is very high," said Amnon Harari, head of the Ministry of Defense Space Directorate, "It's not a matter of customers who are early adopters of consumer products or applications, who might be forgiving of a product that is not yet perfect. In this area, start ups must first of all think about quality. We need to set up an infrastructure that will give start ups that do not have the know-how, and certainly not the tools, of inspection institutes, an easier life. We have to arrange a simpler path for them."

In order to provide a simpler path, Israel Aerospace Industries has decided to take the matter in hand. Ofer Doron, head of Israel Aerospace Industries' MBT Space Division, announced the founding of a technology incubator called Space-Nest for space start ups. "We need to work out how to take our broad and deep experience of success in space and connect it to the enterprise, the energy and the intelligence that start ups bring. Therefore, after considerable deliberation, we are going ahead and are about to found a technology incubator that will foster start ups. We are basing ourselves on our own money, and on money from angels and from the Israel Space Agency to encourage and support start ups. It will be off our premises, so that they won't have to get past the security officer, but they will be close enough to us," Doron said, adding, "At this stage, we are looking for the first start ups stimulate the symbiosis between an experienced and somewhat heavy company but with the required infrastructure, and the smart ideas."

Yissum biotech unit raises $3m from Chinese investors

Hebrew University's Integra Holdings has received $3 million from Guangxi Wuzhou Pharmaceutical.

ntegra Holdings, the biotechnology holdings company of Yissum, the technology transfer company of the Hebrew University of Jerusalem, has received a $3 million investment from China's Guangxi Wuzhou Pharmaceutical Group. The funds raised will be used to advance Integra Holdings' existing portfolio companies and to create new companies, based on promising projects originating from the Hebrew University.

Integra Holdings, founded by Yissum in 2012, has a portfolio of companies in such therapeutic areas such as oncology, Alzheimer's disease, infectious diseases, analgesia and inflammation. The innovative products developed by the portfolio companies range in maturity from preclinical stages of development, through clinical stages, to registration. Currently, the portfolio includes Ayana, Atox Bio, Avraham Pharmaceuticals, Lipomedix, Tiltan Pharma, Lipocure and HIL Applied Medical, in addition to two new companies, which are now being established and develop products with expected short time to market.

Investors in Integra Holdings are Invatech Holdings, a group of private US and Israeli investors; Halman-Aldubi Provident and Pension Fund; the Funds of Teaching Personnel and the HUJI Provident Fund. Integra Holdings has raised a total of $12 million to date.

"We are pleased to have Guangxi Wuzhou Pharmaceutical Group join as an investor that can also assist us in introducing biotech products and technologies based on research performed at the Hebrew University to the Chinese market," said Yissum CEO and Integra chairman Yaacov Michlin. "After only two years since its inception, Integra Holdings has obtained an investment at twice its original valuation."

Integra Holdings CEO Dr. Liana Patt said, "We welcome Guangxi Wuzhou Pharmaceutical Group's investment and vote of confidence in the therapeutic products of our exclusive companies and our unique model of advancing cutting edge science and innovation towards commercial realization. We look forward to using this investment to advance products currently in the pipeline of our portfolio companies, and forming new companies based on the Hebrew University's most promising inventions in the field of life science."

This investment was made possible through the local Chinese contacts of the Lakers Holdings Group. Guangxi Wuzhou Pharmaceutical Group Co. Ltd. is a subsidiary of the Guangxi Wuzhou Zongheng Group, a Chinese investment holdings company.

Fortissimo to start raising new $400m fund

Foreign and local investors are showing interest in the Israeli private equity fund's fourth and largest fund.

Israeli private equity fund Fortissimo Capital is about to raise its fourth and largest ever fund. Sources inform that Fortissimo has begun raising $400 million (NIS 1.6 billion) for the fund, which is slated to begin operations in 2015. In recent weeks, the fund's partners have been meeting with investment institutions and presenting the plan and strategy for the fund. No response to the report was available from Fortissimo, as of web posting.

Only two years ago, Fortissimo completing its $265 million third fund. The fund decided to start another fund because its second fund had already invested 70% of its money. The second fund was oversubscribed, and was enlarged by $15 million as a result. Fortissimo's first two funds, raised in 2004 and 2008, totaled $80 million and $150 million, respectively.

The decision to peg the fourth fund at $400 million was due to strong demand for the previous fund from investment institutions and the fact that private equity funds, headed by FIMI Opportunity Funds, Fortissimo, Sky Fund, and Viola Private Equity, have in recent years become the dominant player in the mergers and acquisitions market for non-financial businesses in Israel, combined with the fall of the local tycoons.

Most of the investors in Fortissimo are local investment institutions, but foreign institutions have also begun to express interest in the fund in recent years. In contrast to Fortissimo's first two funds, 40% of the investors in the third fund were financial institutions in the US and Europe. Large US pensions funds are also among the investors, and according to market sources are slated to play a major role in the fourth fund.

Founded a decade ago, Fortissimo, led by cofounder and managing partner Yuval Cohen, is one of Israel's leading funds. Fortissimo has raised a total of $500 million to date, mostly from local institutions. Cohen, Shmoulik Barashi, Eli Blatt, Mark Lesnick, Yochai Hacohen, and Yoav Hineman, the fund's founders, are very focused in their work. They invest in mature companies that have reached a turning point, so that a change in their management and a capital injection are likely to accelerate their growth. Most of the emphasis is on technology and industrial companies that the fund believes have significant upside potential.

Up until now, this strategy has been successful. The fund's leading investment was in SodaStream International Ltd. (Nasdaq: SODA), which develops home systems for mixing carbonated drinks, an investment by Fortissimo's first fund. Fortissimo invested $10 million in the company in 2007, when it was experiencing difficulties. After selling its stake in Sodastream's offering, Fortissimo came away with $200 million. This investment was one of the reasons for the first fund's return: it made six times its investment, amounting to an impressive 42% annual internal rate of return (IRR).

Fortissimo's second fund was also a big success, for example its investment in the Cadent software company. In 2011, Fortissimo sold Cadent to medical equipment company Align Technology for $190 million, tripling its investment in only two years. In recent years, the fund invested in companies in various sectors, with the list including glass manufacturer Phoenicia, Comverse Inc. (Nasdaq: CNSI) spinoff Starhome, Solcon, and Kornit Digital. Other companies improved by Fortissimo include AOD and Nur Macroprinters Ltd. (OTCBB:NURM).

In recent months, Fortissimo has been promoting its offering of communications equipment company Telrad Networks Ltd. at a company value of NIS 300 million, before money, but this has not been carried out. The decision to postpone the offering was taken following the demand by investment institutions to cut the company value by 25%; Telrad was unwilling to hold an IPO at any price. Fortissimo acquired an 86.7% controlling interest in Telrad at a company value of NIS 100 million, so the planned issue price would have been three times its investment.

Allflex buys milk production monitoring SCR for $250m

The US livestock ID leader is acquiring the Netanya based dairy herd specialist.

Allflex Group, a global leader in animal identification systems, has acquired Netanya based SCR for $250 million. SCR, founded in 1976, manufactures and markets advanced monitoring systems for cows and milk production and innovative solutions for management of cowsheds, sheep pens and goatherds, and improving production efficiency, profitability of cows and the quality of milk and dairy products.

Allflex has acquired 100% of SCR's shares from Tene Investment Funds, a private equity fund headed by Senior Managing Partner Dr. Ariel Halperin. The deal was signed and will be closed in the coming weeks.

SCR CEO Yariv Avisar said, “This is an historical moment for SCR and an important milestone in the market when two leading companies join forces.”

For 50 years, Allflex has led the livestock identification sector through electronic tag ID technology and tissue sampling. Acquiring SCR is a strategic step in which Allflex’s technology will add advantages for SCR and allow it to expand more efficiently to new areas and markets by leveraging and corss-fertilization.

Pfizer buys Israel-developed hormone drug from Opko

Pfizer will pay $295 million for the growth hormone treatment and up to $275 million in milestone payments, and royalties.

Pfizer Inc. (NYSE: PFE) has acquired the development and commercialization rights of one of the lead products of Opko Health Inc. (NYSE: OPK; TASE: OPK). The product is for the treatment of growth hormone deficiency. The product was originally developed by Israeli company Prolor, which Opko acquired in 2013 for $560 million. Opko is headed by outgoing Teva Pharmaceutical Industries Ltd. (NYSE: TEVA; TASE: TEVA) chairman Dr. Phillip Frost.

Under the terms of the agreement, OPKO will receive an upfront payment of $295 million and is eligible to receive up to an additional $275 million in regulatory milestone payments. Pfizer will receive the exclusive license to commercialize hGH-CTP worldwide.

The long-acting hGH-CTP being developed is for the treatment of growth hormone deficiency (GHD) in adults and children, as well as for the treatment of growth failure in children born small for gestational age (SGA) who fail to show catch-up growth by 2 years of age. hGH-CTP has the potential to reduce the required dosing frequency of human growth hormone to a single weekly injection from the current standard of one injection per day. hGH-CTP is currently in a Phase III trial in adults and a Phase II trial in children and has orphan drug designation in the US and Europe for both adults and children with Opko turns Prolor into Israeli R&D, investment arm

Phillip Frost’s Opko to list on TASE Wednesday
Opko Health acquires Prolor Biotech for $480m

OPKO is also eligible to receive initial royalty payments associated with the commercialization of hGH-CTP for Adult GHD, which is subject to regulatory approval. Following the launch of hGH-CTP for Pediatric GHD, which is subject to regulatory approval, the royalties will transition to gross profit sharing for both hGH-CTP and Pfizer’s Genotropin.

OPKO will lead the clinical activities and will be responsible for funding the development programs for the key indications, which includes Adult and Pediatric GHD and Pediatric SGA. Pfizer will be responsible for all development costs for additional indications as well as all post-marketing studies. Pfizer will also fund the commercialization activities for all indications and lead the manufacturing activities covered by the global development plan.

Defense Ministry conducts successful Arrow 3 trial

Israel’s Ministry of Defense said the Arrow 3 anti-ballistic missile system performed its mission successfully on a target missile.

The Israel Ministry of Defense today conducted a successful test of the Arrow 3 anti-ballistic missile system on a target missile. The Ministry of Defense said that the missile fired had performed its mission successfully.

US representatives taking part in the development of the aerial defense system participated in the trial, together with the Israeli industries involved in development of the weapons system: Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1), Elta Systems, Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT), and Elisra Group. Rafael Advanced Defense Systems Ltd. developed the target missile. US company Boeing is also involved in production of the missiles.

The test was part of devising an aerial defense for Israel against ballistic missiles, such as Iran's Shahav missile. The Arrow system is a key element in Israel's multi-layered defense system.

Taking a giant leap: how Israel will become a Foodtech nation

As the Chief Scientist assigns Strauss to establish a technological innovation incubator in the field of food in Israel, Prof. Eyal Shimoni, Chief Technology Officer of Strauss Group, explains why Israel is the right place to do so and how it will practically take place

Eyal Shimoni, Professor , (1964), and father of three, Head of Vision and Technological Strategy. Responsible for the future business development of the Strauss Group. Eyal Joined Strauss as an external advisor in 2008, and was appointed as VP of Technology of the Strauss Group in August 2010. Eyal received his doctorate (D.Sc) in Food Engineering and Biotechnology from the Technion and is a professor at the Food Engineering faculty. Eyal's research, which has been published in respected international circles in the food industry, mainly addresses the issues of improving the health qualities of food products by mastering the ingredients from the molecular level to the manufacturing level.
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Advanced technologies as a viable olution

Today, more than ever, advanced technology plays a key role in the food and beverage industry. This is mainly evident in the impact on cutting production costs and increasing profits, while creating consumer value.

Up until this decade, food companies worked primarily to increase their volume of activity in response to constant population growth and the resulting increase in food consumption.

In recent years, we have seen growing awareness of health and well-being (for instance, awareness of obesity problem); stricter regulation in the developed world; diminishing natural resources and raw materials; and awareness of sustainability. In addition, there is growing demand for products that possess considerable value and adapt to current trends in quality of life (health and well-being, convenience and sustainability, and considerations of an aging population).

In light of these trends, a viable solution over time can only be found with the use of innovative and groundbreaking food technologies in all technological dimensions of the value chain. This need is a fertile ground for technological innovation in the food industry. Solutions enable us to increase the value for consumers through the development /identification of smart ingredients, increasing product freshness and bringing the customers products that are as close to their natural form as possible, while improving their nutritional value.

FOODTECH pertains to those technologies

that have food-related applications through the entire value chain – from growing agricultural raw materials through various processing stages to packaging. Companies that employ such new and advanced technologies will be able to manufacture improved-value products for their consumers.

In the past, it was evident that technological innovation came from projects invested by private investors. Next it was the corporations that led to such solutions by setting up laboratories and conducting research. In recent years, investments of venture capital funds have taken over to promote innovation, and more and more companies are currently establishing accelerators and funds to support such projects.

The reason for growing investments of external funds in food is that large food corporations are placed in a weak position when they develop an innovative technology. It is a small startup company that can operate flexibly and quickly and achieve its goals faster and more efficiently compared to a large corporation.

Conversely, corporations can more efficiently assist the promotion of early-stage ventures and help take a venture from the basic feasibility stage to prototype development, while providing professional managerial tools.

The journey of Strauss to the technology incubator

At the Strauss Group it ws realized that in order to compete successfully in the global and domestic markets we must stand at the forefront of food technology. To this end, we started the Alpha venture in recent years, which aims to promote and create a complete ecosystem in relevant technologies to the food industry.

The venture was established with the understanding that a large industrial entity was needed in order to link the numerous research institutes, researchers, inventors and entrepreneurs to the market; help them understand consumer trends and challenges of the industry; and enable them to use its assets (laboratories, technologists, production lines, etc.) as a test site for new technologies before they are turned into products.

The venture also engages in the connection between the “technology manufacturers” and venture capital funds, market service providers, government representatives, our strategic partners and more. This reflects the understanding that the creation of a FOODTECH community in Israel can only occur if all players in the ecosystem take part in it.

We regard the technological incubator as a “complementing effort” to Strauss Group’s activity in the technology world, and to the Alpha project. Establishing an incubator will enable us to increase our assistance apparatus to encourage technological initiatives. We have at Strauss an opportunity to support companies in their very early stages, in a structured manner, and with a purpose-built team that devotes 100% of its time to this.

Strauss Group brings tremendous contribution to the incubator- thorough knowledge of the food and beverage industry: Given that the Group operates in many product categories, it has extensive knowledge in the relevant technological wrappings across most industrial fields, and can also serve as “beta” for numerous technologies. In addition, since Strauss Group is highly experienced in supporting early-stage ventures, it will support the incubator in various areas, including advice on incubator operation, logistics, administration, legal and financial assistance, HR and more. The Group can also become involved in various projects in production lines, development and more.

Israel: The Silicon Valley of Food Technologies

Our vision is to create here in Israel the “Silicon Valley of food technologies”. A FOODTECH incubator, led and supported by Strauss Group, including the Alpha Strauss venture, will create the suitable ecosystem for developing food technologies and groundbreaking food production technologies that have relevance for the entire world.

Gilot Capital Partners raising $70m VC fund
Kobi Samboursky and Arik Kleinstein

The fund, which invests mainly in early stage Israeli cyber security start-ups, has reportedly received commitments for the full amount.

While Israel's major venture capital funds struggle to raise money from the country's institutional investors, Glilot Capital Partners, which invests mainly in cyber security, is in very advanced stages of raising its second fund, which will total $70 million.
.As far as is known, the "mini" venture capital fund, which has recorded substantial success with its first venture capital fund raised at the end of 2012, already has commitments for the full amount, even though the capital raising has not yet been completed, and the final amount of the fund not yet set.

Glilot Capital makes seed and early stage start-up investments in Israeli technology companies and the fund's heads want to keep the same modus operandi in the second fund, actively supporting young start-ups through to exits. The fund's investors are institutional bodies and Microsoft

Microsoft confirms Aorato buy
Cyber security co LightCyber raises $10m
Cyber security co CyberX raises $2m
BlazeMeter
App testing co BlazeMeter raises $6.5m
Marketo buys Israeli personalization co Insightera

the people behind Glilot Capital are unusual and include interesting names such as founders Kobi Samboursky and Arik Kleinstein who have been joined by Sallai Meridor, Aaron Abramovich and Gordon England. The founders are venture capital investors and former IDF Intelligence Corps. officers while Meridor, the fund's chairman, deputy secretary of state for defense. Glilot's management also includes former journalist Batya Feldman.

The first fund's portfolio has reportedly earned triple digit returns and includes Insightera, which was sold to Marketo Inc. (Nasdaq: MKTO) at the end of 2013 for $30 million, and Aorato, which was sold to Microsoft last month for $200 million. Glilot reportedly held a 30% stake in Aorato for its $2 million investment and also made handsome returns on Insightera. Other companies in the portfolio include BlazeMeter, prticor, CyberX, YouAPPI, and Light Cyber.