

ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES
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There Was Only One Macintosh

On January 24, 1984 Steve Jobs triumphantly stood on a stage and introduced the Macintosh. The word of the Macintosh spread rapidly. It reached Tel-Aviv. I went to the local computer store and was told that the Macintosh would be available only in the United States.

Few knew that few months earlier I was commissioned to do a study as to the possibility of selling Apple products in Israel. It was obvious to me that Israelis would buy the new computer.

Since the first articles that I published as a youngster, it was clear to me that some day I would have my own newspaper.

Sensing an opportunity I flew to New York. At an Apple store I was told about Maggie, the first Macintosh expert. Maggie had a small studio on 45th street, just off Madison Avenue. From behind a locked door Maggie questioned me. I told her about my dream to publish a newspaper. Maggie let me in. She was a massive person and told me that she had been employed by Xerox but saw her future with Apple.

She told me where to buy a Mac and to acquire a program for creating a layout for a newspaper. "Go to Rosenberg in the printer district," Maggie instructed. An that is how I got to Rosenberg, He had once been a printer but his son devised a program for the Macin-

tosh. Rosenberg helped his son, and together with his non-Jewish son-in-law, a program they called Ready, Set, Go..they developed a doftware package for Macintosh computers. Rosenberg quoted \$125 for the program. I told him that I was from Israel and the sum was excessive. We settled for \$100;.

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There Was Only One Macintosh

**IBM BUYS MOBILE SOFTWARE FIRM WORKLIGHT
\$2.4b. raised in 2011, up 70% from 2010
Israeli VC fund share at 25%**

Canaan Partners to invest \$50-\$80m in Israel

CheckPoint posts record results for 2011

IAI signs a\$1.1b. arms deal with India

New discovery could yield MS cure

Elbit Ssystems wins \$50m. UAV contract

eBay may establish Hebrew web site

Israeli firm develops scanning system to tackle into brain disease

Netanyahu on Twitter

Nimble startups

GE invests in colon cancer capsule company

Back home it was easier said than done. Eventually a youngster learned to use Ready, Set, Go!.

That marked the beginning of my career of publishing a newsletter.

Ready, Set, Go was followed by Quark Express, which in turn was followed by InDesign, the program commonly used by us today.

IBM BUYS MOBILE SOFTWARE FIRM WORKLIGHT

IBM has announced its plans to buy Israeli-based Worklight in order to enhance its mobile-service offerings. Worklight is an Israeli-based provider of mobile software for smartphones and tablets.

With this acquisition, IBM's mobile offerings will span mobile application development, integration, security and management.

"Worklight will become an important piece of IBM's mobility strategy, offering clients an open platform that helps speed the delivery of existing and new mobile applications to multiple devices. It also helps enable secure connections between smartphone and tablet applications with enterprise IT systems," IBM said.

Worklight supports consumer and employee-facing applications in a broad range of industries, including financial services, retail and healthcare. For example, a bank can create a single application that offers features to enable its customers to securely connect to their account, pay bills and manage their investments, regardless of the device they are using. Similarly, a hospital could use Worklight technology to extend its existing IT system to allow direct input of health history, allergies, and prescriptions by a patient using a tablet.

IBM's development and integration tools, complemented by Worklight, can help clients to develop mobile applications and their supporting infrastructures for a variety of platforms just once—including Apple iOS and Google Android—while offering capabilities to securely connect to corporate IT systems. Shahar Kaminitz, CEO and founder, Worklight, added, "Building on our existing partnership with IBM, the acquisition of Worklight further enhances IBM's broad mobile portfolio. Now it will be easier than ever for our clients to offer secure and connected applications to their customers, business partners and employees."

In addition to Worklight, IBM is also unveiling IBM Endpoint Manager for Mobile Devices, a new software system that will enable corporate users to manage and secure their mobile devices these applications are running on.

The acquisition of Worklight is expected to close in 1Q12. Worklight will sit within IBM's

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Software Group. However, the financial terms were not disclosed.

\$2.1b. raised in 2011, up 70% from 2010

Israeli VC fund share at 25%

In 2011, 546 Israeli high-tech companies attracted \$2.14 billion from local and foreign venture investors, the highest amount in 11 years. This is almost 70 percent above the \$1.26 billion raised by 391 companies in 2010 and 91 percent above the \$1.12 billion raised in 2009. The average company financing round was \$3.92 million in 2011, above the \$3.23 million of 2010, and the \$2.51 million of 2009.

“As predicted, 2011 numbers were impressive, but our forecast for 2012 is not as optimistic,” said Koby Simana, CEO of IVC Research Center. “As local venture capital funds have found it increasingly difficult to raise new capital and maintain a satisfactory level of first investments in early stage companies, foreign investors have been upping their investments, which more than doubled in the past year,” he explained. “However, with Israeli VCs continuing to downsize their investments and with the world economy still very much unsettled, foreign investors can no longer be counted on to fill in the gap. We believe annual investment can fall to as low as \$1.5 billion if there is no dramatic recovery in the next few months.”

One hundred and twenty-four Israeli high-tech companies raised \$569 million from venture investors – both local and foreign in the fourth quarter of 2011. This is an increase of 9 percent from \$522 million raised by 137 companies in the previous quarter, and a 65 percent jump from \$344 million raised by 100 companies in Q4 2010.

The average company financing round was \$4.59 million in Q4 2011, compared with \$3.81 million in the previous quarter, and \$3.44 million in the year-earlier 2010 period.

In Q4/2011, 77 companies attracted more than \$1 million each. Of these, five raised more than \$20 million, 13 raised between \$10 million and \$20 million, and 17 raised from \$5 million to \$10 million each.

Israeli VC Fund Investment Activity

In 2011, Israeli venture capital funds invested \$525 million in Israeli companies, an increase of 42 percent from 2010, and a rise of 28 percent from 2009 levels. The Israeli VC fund share of total investment was 25 percent, the lowest in the last decade when the Israeli VC share averaged 40 percent.

First investments by Israeli VC funds accounted for 31 percent of their total investments, compared to 29 percent in 2010 and 2009. The average first investment in 2011 was \$2.21 million, while the average follow-on investment was \$1.06 million.

In the fourth quarter, first investments by Israeli VC funds accounted for 44 percent of their total investments, the highest percentage of any quarter in the last four years. This compares to 30 percent and 25 percent in Q3/2011 and Q4/2010, respectively. The average first investment by Israeli VC funds in the fourth quarter was \$2.9 million, while the average follow-on investment was \$0.95 million.

Investment Rounds Excluding Israeli VC Fund Participation

In 2011, investment transactions in Israeli high-tech companies that excluded Israeli VC fund investment reached \$785 million or 37 percent, the highest percentage in the last decade. This compares with \$269 million (21 percent) and \$205 million (18 percent) invested in 2010 and 2009, respectively.

In the fourth quarter of 2011, investments reached \$218 million, 8 percent below the \$236 million of the previous quarter, which

was the highest quarterly amount in 10 years.

Capital Raised by Sector

In 2011, the Internet sector attracted the largest share of investments for the first time in the last decade. One hundred and fifteen Internet companies raised \$482 million or 23 percent of total capital raised by high-tech companies, compared to \$222 million or 18 percent raised in 2010, and \$147 million or 13 percent raised in 2009. Eighty-eight communications companies followed with \$432 million or 20 percent, an increase of 82 percent from 2010, and 97 percent from 2009. The Software sector attracted \$415 million or 19 percent, compared to just \$150 million or 12 percent in 2010.

In the fourth quarter, the communications sector led capital raising with \$142 million or 25 percent of total capital raised, an increase of 25 percent from the previous quarter and 190 percent from the year-earlier period. Internet followed with \$134 million or 24 percent, while the software sector raised \$127 million or 22 percent and the life sciences raised \$75 million or 13 percent.

Ofer Sela, partner in KPMG Somekh Chaikin's Technology group, observed, "Mobile solutions and applications are the primary factor behind the significant increase in communication company investments in the past two years. Israeli companies have traditionally excelled in the communications sector, and the high quality of such companies is expected to attract foreign investors in the future."

Capital Raised by Stage

In 2011, mid stage companies led capital raising - as in the last decade - with \$903 million or 42 percent of total capital raised. Seed companies attracted 5 percent, slightly above the 3 percent of 2010 and just below

the 5.5 percent of 2009. Early stage companies accounted for 26 percent, down from 35 percent in 2010 and 29.5 percent in 2009. Mid and late stage companies together raised 1.48 billion, an increase of 90 percent from 2010 period, when mid and late stage companies attracted \$781 million.

In the fourth quarter of 2011, 24 seed companies attracted \$21 million or 4 percent of total capital raised, compared to \$48 million or 9 percent in the previous quarter and \$9 million or 2 percent in the fourth quarter of 2010. Mid stage companies led capital raising with \$201 million or 35 percent of total capital raised, the lowest percentage for the mid stage in the last three years. (Chart 2)

According to KPMG Somekh Chaikin's Sela, "The significant increase in late stage investments indicates the strength of Israel's technology industry, as well as its attractiveness to foreign investors. An impressive number of mature Israeli companies have reached substantial sales. A decade ago, such companies would most likely have gone the IPO route, raising funds publicly. Today, due to changed conditions in IPO markets, these companies are relying principally on both existing and late-stage investors. As a result, we expect a large portion of these companies to be sold over the coming 24-month period."

Check Point posts record results for 2011

Check Point beat the analysts' consensus with a net profit of \$544 million on \$1.25 billion revenue for the year.

"The fourth quarter provided a great finish to an excellent year with revenues and earnings reaching all-time highs, and exceeding our initial projections for the year," said Check Point Software Technologies Ltd. (Nasdaq: CHKP) chairman and CEO Gil Shwed in response to the company's record results for the fourth quarter of 2011 and the year as a

whole, which beat the analysts' consensus.

For the fourth quarter, revenue rose 12% to \$356.8 million from \$318.5 million for the corresponding quarter of 2010. GAAP-based net profit rose 16% to \$159.8 million (\$0.75 per share) for the fourth quarter from \$137.4 million for the corresponding quarter, and non-GAAP net profit rose 15% to \$178.1 million (\$0.84 per share) from \$156.2 million. The analysts' consensus was earnings per share of \$0.82 on \$355.6 million revenue.

Cash flow from operations rose to \$173.2 million for the fourth quarter from \$162.8 million for the corresponding quarter, and rose to 714.9 million in 2011 from \$674.1 million in 2010. The company's cash and marketable securities rose to \$2.88 billion at the end of December from \$2.41 billion a year earlier, despite buying back \$75 million worth of shares during the fourth quarter.

For the year as a whole, Check Point's revenue rose 14% to \$1.25 billion from \$1.1 billion in 2010. GAAP-based and net profit rose 20% to \$544 million (\$2.54 per share) from \$452.8 million in 2010, and non-GAAP net profit rose 16% to \$613.6 million (\$2.87 per share) from \$528 million. The analysts' consensus was earnings per share of \$2.85 on \$1.25 million revenue.

Deferred revenue totaled \$552.2 million at the end of December, 19% more than the \$464.6 million a year earlier.

Shwed added, "We experienced exceptional performance across all key business metrics: products, annuity software blades and services. We continued to expand and elevate the security of our customers with the introduction of new and innovative software blades throughout the year."

Check Point's share price fell 2.7% yesterday

to \$50.90, giving a market cap of \$10.6 billion.

Canaan Partners to invest \$50-80m in Israel

Canaan Partners plans to invest \$50-80 million in Israeli start-ups from its new \$600 million fund, Canaan IX, Canaan Partners general partner Izhar Shay said. The new fund brings total capital under management by Canaan to \$3.5 billion. The firm operates in the US, India, and Israel.

Canaan Partners, founded in 1987, plans to invest the new fund in building disruptive global companies in the technology and healthcare sectors. Its Israeli portfolio includes touch screen developer N-trig Ltd., online live video developer LiveU Ltd., and 3D gesture recognition software developer PrimeSense Ltd.

Canaan Partners originally planned to raise \$500 million for its ninth fund, but received strong demand from its existing limited partner base, as well as selected new limited partners.

The firm has been operating in Israel for over a decade and in 2005, it opened a local office run by Shay, whose entrepreneurial track record includes V-Secure Technologies, sold to Radware Ltd. (Nasdaq: RDWR) in 2005, and Business Layers, sold to Netegrity Inc. (Nasdaq: NETE) in 2003.

IAI signs \$1.1b arms deal with India

Israel Aerospace Industries will sell India missiles, anti-missile systems, UAVs, intelligence and other systems.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) has signed one of its largest arms deals, for the sale of \$1.1 billion worth of missiles, anti-missile systems, unmanned aerial vehicles (UAV), intelligence and other systems.

In a brief notice to the Tel Aviv Stock Exchange (TASE), IAI announced that it has signed a four-year \$1.1 billion arms deal with an Asian country. It did not name the customer or the systems that would be sold, but said that advance would be paid in exchange for guarantees in the same amount.

Other Israeli defense companies have simultaneously been offering India their wares in an attempt to win the huge contract. IAI CEO Yitzhak Nissan personally led the negotiations for the company, which has already signed large arms deals with India, including for the sale of Barak ground-based and ship defense missiles, accelerated its negotiations.

A source close to the deal said that it would greatly boost IAI's orders backlog, and is a major personal achievement for Nissan at a time when the global defense market is in crisis following the US departure from Iraq and other countries slash defense spending. "A deal of this size should not be taken for granted at a time when many countries are cutting their defense spending because of uncertainty in global markets. Nissan succeeded in reaching a mega-deal that will give IAI financial and job security for years," the source said.

New discovery could yield MS cure

Researchers studying diabetic mice have made leaps towards a cure for multiple sclerosis (MS) it has been claimed.

In a study at Tel Aviv University, it was found that when mice with Type 1 diabetes are injected with myelin protein they experience periods of relapse and remitting disability associated with brain lesions in humans who have MS.

For the first time, scientists have been able to monitor this brain lesion process using magnetic resonance imaging.

It is believed that the discovery will lead to more effective treatments for MS.

With advances continuing to be made in MS research, scientists have predicted that the condition will one day be controllable, like HIV/AIDS.

Recent studies have identified about 20 genes associated with the development of MS and it is estimated that in the next two years there will be around 80 associated genes that will make a very accurate picture of the disease genetic basis.

Once this is gained, developing treatments for MS will be far simpler and effective.

Elbit Systems wins \$50m UAV contract

A country in the Americas will use the company's new Hermes 900 UAV for perimeter security missions

Elbit Systems Ltd. (Nasdaq: ESLT; TASE: ESLT) has won a \$50 million contract to supply its Hermes 900 unmanned aerial vehicle (UAV) to a country in the Americas. The company did not disclose the name of the customer, which will use the UAVs for perimeter security missions. Delivery will be made over one year.

The multi-mission Hermes 900 is an upgrade of Elbit Systems' Hermes 450, the backbone of the IDF's UAV operations, and which armies also use worldwide. The Hermes 900 can reach an altitude of 30,000 feet, and has longer endurance and larger payload capacity than the Hermes 450. The Hermes 900's systems include Universal Ground Control Stations (UGCS), El-Op Compass payload systems, and satellite communications systems. Both Eaves use the same ground control systems.

Elbe Systems UAS Division general manager Lead Aharonson said, "We are very proud that yet another customer has selected the Hermes 900, following orders by the Israeli Defense Forces and Chile." He added that the new UAV is used for intelligence missions, as well as perimeter and security missions."

eBay may launch Hebrew website

Online marketplace giant's executives expected to visit Israel soon. Meanwhile, subsidiary PayPal looking into renting four additional floors in Tel Aviv building

Internet consumer-to-consumer corporation eBay, which operates the world's biggest online marketplace, is looking into the possibility of launching a Hebrew website.

Company executives are expected to visit Israel in the near future to examine the issue.

EBay's subsidiary, global e-commerce business PayPal, is interested in renting four additional floors in Tel Aviv's Electra Buildings. Pay Pal's Israel offices are currently located on two of the building's floors.

It's unclear whether the negotiations for the additional floors are aimed at expanding Pay Pal's activity in Israel or preparing the ground for a new eBay center.

Apart from the Papal offices, eBay holds two more assets in Israel: Recently-acquired The Gifts Project company operates from a building on Tel Aviv's Rothschild Boulevard, and a building in Netanya is being used by price comparison service Shopping.com, which was purchased by eBay about six years ago.

According to sources in the real estate indus-

try, eBay has been looking for another building in Israel for some time. The area PayPal is negotiating with the Electra Real Estate company stretches over 5,000 square meters (53,820 square feet)

According to one of the sources, "There is no doubt that such an area is meant to be rich with manpower and indicates that eBay plans to step up its activity in Israel."

Another Internet giant, Google, which manages some of its Israel activity there, is currently using eight floors of the Electra building. A third technology giant planning to build a development center in Israel, according to recent reports, is Apple.

Tens of billions of dollars a year

EBay is considered one of the most tremendous success stories among Internet companies. The American company, which was founded in 1995 as a startup with 30 workers, turned into a corporation employing 15,000 and generating tens of billions of dollars a year. The company's annual income stands at \$8 billion.

Its success resulted mainly from the fact that it managed to turn its website from a "regular" marketplace, allowing each user to buy and sell products, into a lively commerce arena offering a particularly convenient and accessible platform for advertising products and managing extensive business sales on the Internet.

EBay offers its online traders guidance and extremely secure payment methods, based on the PayPal services.

The company's growth was accompanied by a long series of mergers and acquisitions of software and Internet companies, which offer relevant products for e-commerce, like local marketplace websites, mainly in Europe and the US.

In 2005, eBay tried to get foothold in the online communications industry by purchasing video calls software company Skype, but the move proved to be unsuccessful and eBay sold most of its stake in Skype in 2009.

The steps taken by eBay in Israel reflect its bid to take over the retail trade market. In the past year, apart from purchasing The Gifts Project in September, eBay acquired former Israeli startup Magento, which developed an e-commerce platform at an open code model, for more than \$180 million. In 2008 the company bought another Israeli startup, Fraud Sciences, which specializes in detecting online fraud.

eBay's key course of action in recent years is establishing local eBay sites like eBay Germany, eBay UK, eBay Australia and eBay France. These websites are not ONLY operated in the local language, but also allow commerce through local currency.

eBay said in response to this report, "The company does not respond to rumors." Electra Real Estate declined comment.

Google Backs Israel Entrepreneurs as Local Financing Drops: Tech
The Google Inc. executive with his bright yellow vest was impossible to miss in the middle of the Israeli startup owners seeking cash in a

rusty boathouse at Tel Aviv's Jaffa port.

David Lawee, Google's mergers and acquisitions chief, used the early November session, called Garage Geeks, to round out his contact list. "I've met about 100 Israeli companies in two days and that's, like, super-efficient," he said between conversations at the corporate speed-dating-style event arranged by startup promoter Yossi Vardi that introduced local businesses to multinationals.

Google set up a funding program two weeks later for Israeli entrepreneurs, part of an acceleration in U.S. technology companies' backing in late 2011 that has included Apple Inc. buying a company in the country for the first time, according to business newspaper Calcalist.

The foreign investments are important to Israel, where the high-tech industry accounts for 47 percent of manufactured exports, and could be a new source of innovation for giants like Google because of the Mountain View, California-based company's strength in technology startups.

Money from Google and others is making up for a decline in local financing that Avi Sasson, Israel's state research-grant provider, says could hurt industry growth.

Israel needs \$3.9B to fund Arrow plan
Amid controversial cuts in Israel's defense budget and concerns of new conflict in the Middle East, the Defense Ministry is grappling with the problem of funding costly plans to build a multi-layered shield against Iranian and Syrian ballistic missiles.

Ministry sources say, for instance, that \$3.9 billion is needed to produce more batteries of the long-range, high-altitude Arrow anti-missile system built by Israel Aerospace Industries and the Boeing Co. of the United

States.

But large sums are also needed to produce more Iron Dome system, built by Rafael Advanced Defense Systems and designed to counter short-range rockets and missiles, as well as develop the David's Sling system for intercepting medium-range missiles, also a Rafael project.

With hefty state funds being diverted to social programs following unprecedented protests in 2011, the defense budget, largely untouchable in recent years, are being slashed to cover much of the cost.

In situations like this, particularly with the threat of war looming so large these days, it's possible that Prime Minister Binyamin Netanyahu's right-wing government will turn to the United States for financial support.

Netanyahu's relations with U.S. President Barack Obama have been strained of late, but providing funds to aid Israel's military could be a big boost for Obama's looming re-election campaign.

The United States provides Israel with \$3 billion a year in military aid, as well as other indirect support.

More than half the \$3 billion cost of developing and building the Arrow over the last decade was covered by Washington.

The United States has already contributed \$100 million toward developing the advanced Arrow-3, and contributed technology for a system still not tested in combat.

Arrow-3, which weighs about half as much as Arrow-2 and costs about one-third less, isn't expected to be operational until 2014.

Since Arrow entered service in early 2000

only about 120 missiles, each costing around \$3 million and partly built in the United States by Boeing, have been built.

Israel currently has around 100 available and wants an inventory of at least 200 over the next few years.

In 2010-11, Obama chipped in with two payments totaling \$435 million, to help pay for Iron Dome and David's Sling.

The latter is intended to eventually replace Israel's 48 MIM-104 PAC-2 Patriot air-defense missiles and the older MIM-23 HAWK system, both made by the Massachusetts-based Raytheon Co.

Iron Dome became operational in April 2011 countering short-range rockets fired by Palestinian militants from the Gaza Strip.

The system, whose computers can identify which rockets will hit populated areas and thus ignore those that won't, has had a success rate of 75 percent.

But there are only two batteries operational, based outside the Negev Desert city of Beer-sheba and the southern port of Ashkelon.

A third is on its way, but the military says at least 20 will be needed to provide nationwide protection. However, there are no funds available and are unlikely to be unless the Americans can be persuaded to help.

Israel's Globes business daily quoted a senior Israeli officer as saying that even the \$3.9 billion the defense establishment seeks won't ensure total protection against the tens of thousands of rockets and missiles held by Iran, Syria, Hezbollah and the Palestinian radicals in Gaza.

"That's the amount we arrived at to provide

only a reasonable response to the rocket and missile threat in the arena between Iran and Gaza,” he said. “All of this is on top of the next multiyear defense budget.”

He added: “We’ll need several thousand interceptor missiles for Iron Dome. Each missile costs \$80,000. We’ll need hundreds of missiles for David’s Sling and each costs \$70,000.

“An Arrow-2 missile costs \$2.7 million and the price of the future Arrow-3 will be slightly lower at \$2.2 million.

“We’ll need several score, or hundreds of Arrows to deal with the barrage of incoming missiles during a confrontation,” the officer said.

For years, Israel’s military establishment ignored the missile threat building up around the Jewish state.

It wasn’t until Lebanon’s Iran-backed Hezbollah pounded northern Israel with nearly 4,000 missiles in the 34-day 2006 war -- that’s nearly 200 missiles a day -- that the high command realized there was an urgent need for a nationwide defensive shield.

Israeli firm develops scanning system to tackle into brain diseases

An Israeli company has developed a system that scans the brain and provides a three dimensional image of the nerve cell connectivity to treat brain diseases like Alzheimer’s or HDHD.

The firm EIMindA trademarked a non-invasive system, the BNA (Brain Network Activation), that helps doctors visualize the connectivity between nerve cells and synchronization that can even measure the severity of the patients

condition from one day to another, the Israel21c news site reported on Thursday

By creating a three-dimensional image of the brain while asking the patients to repeat an activity several times, BNA developers hope this system will become a regular way of diagnosing brain illnesses.

“Our vision is that every psychiatrist and neurologist in the world will routinely send every patient for BNA tests,” said Dr. Eli Zangvil, EIMindA’s strategic advisor for business development. “Our test would add information and aid in diagnostics in a way no other existing technology can do,” he added.

BNA could help doctors find out exactly at what stage of the disease patients and prescribe the exact medication for them.

“To do that, we must collect a lot of data,” Zangvil said. “To say this person has a certain disease or condition, I have to be able to compare their pattern to a normal brain pattern of a person of the same age and gender.” he said.

Researchers hope to gather the amount of data they need to obtain FDA approval in the U.S. by the end of 2012, and start marketing it to hospitals by 2013.

Netanyahu on Twitter

Apple agreed to buy semiconductor designer Anobit Technologies Ltd., Calcalist reported Dec. 20. On the same day, Prime Minister Benjamin Netanyahu’s office posted on its Twitter account a message congratulating Apple “on your first acquisition here,” without naming the target company. Mark Regev, a spokesman for Netanyahu, declined to elaborate.

Anobit, founded in 2006 and based in Her-

zliya Pituach, and investor Pitango Venture Capital declined to comment. Steve Dowling, a spokesman for Cupertino, California-based Apple, declined to comment on “rumor and speculation.”

International investments may not be the answer to the needs of Israel’s startups because the smaller number of local financiers poses a risk to the industry’s independence, said Abraham Peled, executive chairman of Staines, England-based digital-television coding developer NDS Group Plc.

“The minute Israeli high-tech is primarily based on development centers of major companies, their fortune will be tied to that of those companies so that, if they are cutting staff, they will cut in Israel as well,” Peled said.

‘Nimble’ Startups

Israel’s “nimble” startup model can still thrive even as government funds drop because Internet companies only need small amounts of money, Vardi said. The city of Tel Aviv recently opened a working space called the Library for young technology entrepreneurs, he said.

The hour-long Garage Geeks event closed the Tel Aviv part of Digital Life Design, an international technology industry convention held in Munich. The Israeli edition attracted 300 visitors from outside the country, Vardi said.

“Somehow the word is out that this is where everyone has to be,” said Vardi, co-chairman of the global conference and a founding investor in the former Mirabilis Ltd., which developed the ICQ online-chat system.

Top executives from Seattle-based Amazon.com Inc., Paris-based Alcatel-Lucent and

Russia’s Yandex NV were among nine potential benefactors at Garage Geeks who donned yellow vests. About 300 startup founders, clustering in groups as large as 30, roamed from suitor to suitor-making appeals under loose rules that urged “short” presentations.

“When you make a connection with an entrepreneur who’s really excited, whether you do a deal with him or not, that’s kind of the juice of the job,” Google’s Lawee said.

Israel needs \$3.9B to fund Arrow plan
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Researchers hope to gather the amount of data they need to obtain FDA approval in the U.S. by the end of 2012, and start marketing it to hospitals by 2013.

GE invests in colon cancer capsule company Check-Cap

GE Healthcare-Israel will produce miniature Cadmium Zinc Telluride diagnostic imaging sensors for Check-Cap’s capsule.

1 February 12 11:02, Globes’ correspondent inShare4

General Electric Company (NYSE: GE) has invested in colon cancer imaging capsule developer Check-Cap Ltd. through GE healthmagination Fund, and equity fund of GE Capital and GE Healthcare. This is the fund’s first investment in Israel.

Check-Cap’s ingestible and disposable imag-

ing capsule is planned to have the capability to image the colon in 3D. The capsule will require no bowel cleansing before ingestion and no hospital visit, allowing patients to go about their daily routines without having to alter their activities. The company, founded by CTO Dr. Yoav Kimchy, is based in the Druze town of Isfiyeh, outside Haifa on Mount Carmel.

As part of a broader collaboration, Check-Cap and GE Healthcare have signed a cooperation agreement, under which GE Healthcare-Israel will develop, design and produce miniature Cadmium Zinc Telluride (CZT) diagnostic imaging sensors for Check-Cap's capsule, which will enable clinicians to obtain full 360-degree imaging as the capsule travels in the colon. GE has years of experience in the area of CZT-based detectors and similar technologies have been used in GE Healthcare's nuclear medicine and bone densitometry systems.

Check-Cap plans to launch its imaging capsule in the EU in late 2013, subject to CE Mark regulatory approval. The company also is in discussions with the US Food and Drug Administration (FDA) about clinical activities to support approval to market the product in the US.

GE Healthcare CTO Mike Harsh said, "Check-Cap's technology is not only innovative but it presents great promise to change the standard of patient care and to help them avoid the discomfort of traditional colonoscopies."

"Over the past 15 years GE Healthcare has benefited from Israel's spirit of innovation and scientific discoveries," said GE Global Research--Israel Technology Center manager Oded Meirav. "Seeking partnerships between a global company such as GE and Israeli high-tech companies like Check-Cap can truly be a win-win for all."

According to the International Agency for Research on Cancer, colorectal cancer is the third most common cancer in men and the second in women, killing 608,000 people a year worldwide, 8% of all cancer deaths, and fourth most common cause of death from cancer. Almost 60% of the cases occur in developed regions. In the US, colorectal cancer is the third most common and the second leading cause of cancer death.

Check-Cap CEO Guy Neev said, "GE's investment is an acknowledgement of the patient need we are addressing as well as the clinical promise of our technology... Our goal is to reduce patient mortality by facilitating dramatically increased patient adherence with the physician screening recommendations, allowing earlier detection and treatment."

