

# ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES  
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## Do not take an early exit

If there is any criticism of the Israeli high-tech scene it is the proclivity to "exit" too early. Managers will accept \$50-\$100m. instead of allowing companies to mature and obtain a higher reward. This phenomenon is generally related to a desire for early wealth. If a company is valued at \$100m. it is very likely that it has the potential to grow to a much larger size.

Looking into the background of Israel's largest companies it becomes apparent they have been either founded or led by individuals having a vision of creating a large company. None of them planned on an early "exit".

Individuals, who nurtured small into large companies meriting attention include Efi Arazi, founder of Scitex, Stef We,rtheimer, founder of Iscar that was later acquired by Warren Buffet for \$4 b. Gil Schwed who founded Check Point Software and Eli Hurwitz.

Teva Pharmaceuticals, who was founded on the basis of a combination several small pharmaceutical companies grew as the result of the brilliant leadership of Eli Hurwitz who thought in terms of expansion but not in selling the company.

It is unlikely that the phenomenon of early exits will cease or even slow down.. Israeli entrepreneurs prefer to have money in their own

accounts than shares that may substantially higher values, at some future date

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In our recent “Top 12 most amazing Israeli medical advances”, we promised a top 10 list of the most exciting Israeli medical-device and pharmaceutical developments just around the corner.

Like the top 12, this list was also very difficult to narrow down, because Israeli breakthroughs in this field are a near-daily occurrence. Our top 10 is just the tip of the iceberg.

### **Implants for cartilage repair and regeneration**

CartiHeal has developed an innovative technology for regenerating hyaline cartilage (cartilage found in the weight bearing joints such as the knee, hip, and shoulder). Cartilage injury affects over 35 million people in the U.S. alone, and represents a major unmet need, as hyaltilage has very limited ability for self-repair, and cannot on its own heal after an injury. Therefore, cartilage injuries often cause severe pain and dysfunction. Also, research has shown that injuries to cartilage in the joints, if left untreated, lead to progressive joint changes and early onset of osteoarthritis.

The most common treatments for cartilage injuries (e.g. microfracture and osteochondral grafting) fall short, as they result in generation of fibrocartilage, or “hyaline-like” cartilage, which does not have the biomechanical properties of original hyaline cartilage, and cannot withstand weight-bearing forces.

CartiHeal’s first product, the Agili-C implant, is designed to regenerate cartilage and bone in bodily joints, by way of a minimally-invasive, single-step arthroscopic procedure.

The implant’s unique structure, comprising a coral scaffold with biological modifications, causes the implant to biodegrade.

### **Three Israeli companies tipped for major 2014 IPOs**

Borderfree and Outbrain are expected to hold IPOs on Wall Street, while Matomy is heading for London.

Wix’s recent IPO is a sign of things to come. The company’s success, despite the fact that it is not yet profitable, has created a positive buzz in the market, and is causing investors to want to see more Israeli Internet companies on Wall Street. Moments before the end of 2013, Avis-hai and Nadav Abrahami and Giora Kaplan’s Wix.com Ltd. (Nasdaq: WIX) succeeded, within only six weeks, to boost its market cap by \$400 million, and bring it to the billion dollar mark.

After Wix’s IPO, the spin-off of Conduit, and the sale of Waze, the coming year, it seems, will be a year of IPOs for Israel Internet companies on foreign exchanges. The list includes three companies who might finally go public next year.

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#### **Web Edition and Achives**

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One of the companies on a sure path to an IPO is Borderfree Inc., more commonly known as Fiftyone, which changed its name this year in order to be better suited to the global market outside the US. The company, whose founder Yuval Tal left long ago, and is now managed by Michael DeSimone, allows department stores and large retailers in the US to sell in more than 100 countries, in 40 currencies.

Its client list includes some of the most respected names in the US retail sector, such as Macy's, Saks Fifth Avenue, Sears, Bloomingdale's, The Gap, Williams Sonoma, DKNY, and another 120 US brands.

Although Borderfree has been pretty quiet this year (aside from changing its name), as reported a year ago, the company's management met with banks and sought to raise funds at a value of \$800 million and higher.

Another Israeli company that is expected to have an IPO as its goal in 2014 is Outbrain Inc.. The company, founded by Yaron Galai and Ori Lahav, has developed a content and video recommendation engine, which helps websites keep users on their sites longer, while making money by referring them to external sites. In September, Outbrain already had a foot and a half out the door on its way to an IPO, at a company value of \$800 million, based on revenue of \$130 million. The company appointed a VP of Finance with IPO experience, but, a month later, the future looked less clear.

In October, Outbrain completed a fundraising round of \$35 million - a strange step for a company that is planning an IPO. Galai himself said: "I hope that the investors will exit. Meanwhile, I am enjoying it."

So, who else is on the list? Matomy Media

Group Inc., the digital advertising company, under the management of Ofer Druker, with Ilan Shiloah, the controlling shareholder, serving as company figurehead, is nearing an IPO, and its destination is London, and not New York. The company's value is expected to exceed half a billion dollars, and the expected revenue for 2013 is roughly \$300 million, but it is difficult to know whether Matomy will finally decide to hold an IPO in the coming year.

Sources close to Matomy began contemplating the possibility of an IPO already in 2011, but, for the time being, the company is choosing to walk the line, to implement a series of acquisitions, and to continue to improve its business, in order to raise the value of the company in anticipation of the moment of truth.

### **Israel: Interceptor Missile Passes Test**

The missile defense agencies of Israel and the United States carried out a second test of the advanced Arrow 3 antiballistic missile system over the Mediterranean, Israel's Defense Ministry said in a statement. The statement said the interceptor missile had been successfully launched and had flown through space according to the test plan. Yair Ramati, a Defense Ministry official, told Israel Radio that the Arrow 3 could go faster than the Arrow 2, which is already operational, and that it could

Under America's watchful eye, Israel successfully tests Arrow III missile shield

U.S. sees integrated shield as damper to Middle East escalation; Hezbollah builds up missile arsenal amid Syrian civil war.

Visitors look at a model of Israel's planned Arrow III interceptor missile that is on display at an aerospace conference in Jerusalem. Hezbollah moved advanced anti-ship missile systems into Lebanon, U.S. officials say

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Israel successfully tested its upgraded Arrow missile interceptor for the second time on Friday, pushing forward work on a U.S.-backed defense against ballistic threats it sees from Lebanon's Hezbollah guerrillas as well as from Iran and Syria.

One of several elements of an integrated Israeli aerial shield, Arrow III is designed to track and slam into ballistic missiles above the earth's atmosphere, high enough to safely disintegrate any chemical, biological or nuclear warheads.

Iran and Syria have long had such missiles, and Israel believes some are now also possessed by their ally Hezbollah, whose growing arsenal in Lebanon, stocked in part by Damascus, preoccupies the Israelis as their most pressing menace.

The launch of an Arrow III interceptor missile over the Mediterranean was the second flight of the system, but did not involve the interception of any target, officials said.

Israel deployed the previous version, Arrow II, more than a decade ago, rating its success in live trials at 90 percent.

"The Arrow III interceptor successfully launched and flew an exo-atmospheric trajectory through space," the Defense Ministry said in a statement.

Yair Ramati, head of the ministry's Israel Missile Defense Organization, told reporters that as part of the test, which was attended by U.S. officials, the interceptor jettisoned its booster and "the kill vehicle continued to fly in space (and) conducted various maneuvers ... for a couple of minutes".

Israel predicts Arrow III could be deployed by next year. The Pentagon and Boeing are partners in the project run by state-owned Israel Aerospace Industries.

### Missile shield

Arrow is the long-range segment in Israel's three-tier missile shield. This also includes the successfully deployed "Iron Dome", which targets short-range rockets and mortar bombs favored by Palestinian guerrillas in Gaza, and the mid-range "David's Sling", which is still under development. They can be deployed alongside U.S. counterpart systems like the Aegis..

The United States and Israel have been jointly working on Arrow since 1988. Washington says helping Israel build up the capability to shoot down missiles staves off escalatory wars - or preemptive Israeli strikes - in the Middle East.

Israel also sees it as a means of weathering enemy missile salvos while it brings its offensive capabilities to bear.

"Developing such systems will let Israel maintain routine life despite the threats facing us, and will assist the IDF (Israeli military) in prevailing in combat quickly and efficiently, if required," Defense Minister Moshe Ya'alon said on Twitter.

Israel is assumed to have the region's sole atomic arsenal, as well as delivery systems including long-range missiles, and has been bolstering defenses as potential threats proliferate.

It worries about Iranian ballistic missiles, whose number it estimates at around 400 - especially given the possibility Tehran could eventually produce nuclear warheads for them. Iran, which

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denies seeking the bomb, is negotiating with world powers about curbing its disputed nuclear program.

### Ballistic missiles

The civil war in Syria has raised questions about Syrian President Bashar Assad's control over his own ballistic Scud missiles. Israel says Damascus has used around half of these against Syrian rebels. Separately, Assad is decommissioning chemical weapons with which Syria's missiles might have been armed.

Hezbollah is helping Assad battle the insurgency. Fearing the guerrillas might get advanced Syrian weaponry, Israel, according to reports, carried out at least three military strikes on suspected Lebanon-bound convoys last year, security sources said. Such efforts may have had limited efficacy, however.

Briefing Reuters, a senior Israeli official estimated that Hezbollah now has between 60,000 and 70,000 rockets and missiles deployed throughout Lebanon, including a few dozen Syrian-supplied Scud Ds with ranges of 700 kilometers (440 miles).

Hezbollah may also have hundreds of Fateh-110 missiles with ranges of 250-300 kilometers (160-190 miles), the official said. Among the targets of the strikes on Syria last year, security sources said, was a shipment of Fateh-110s meant for Hezbollah.

"It's the most significant threat facing Israel today," the official said of the Hezbollah missiles.

"We believe more than half the rockets and missiles are operational. They are on launchers, ready for launch. It's just a matter of a decision."

Hezbollah confirms building up its arsenal since its 2006 border war with Israel. It does not give details of the arms.

The Israeli official, who declined to be identified by name given the sensitivity of the issue, was circumspect on how Israel's three-tier shield would function in a major missile exchange, which single-interception trials do not simulate.

"You need to pass this test - of a few dozen of them landing, in real time - to be able to speak about it with more certainty," the official said.

IVC Israeli high-tech exits totaled \$6.64b in 2013

For venture-backed companies, the total for 2013 represents a ten-year high.

2013 set new records for investments in and exits by Israeli high-tech companies. A report by the IVC Research Center and SiSense, which has developed big data analytics technology, says that exits by Israeli high-tech companies totaled \$6.64 billion.

Although the total for exits is far from the records set in 2006 and 2012, exits by venture capital-backed companies totaled \$4.2 billion in 2013, a ten-year high, during which the average of exits was \$2.2 billion. 2013 may have been the best year ever in Israel, if the Chromatis Networks deal in 2000 is excluded. Altogether, there were 80 exits by high-tech companies in 2013, of which 35 were by venture capital-back companies.

In ten years, exits by Israeli high-tech companies totaled \$47 billion in almost 800 deals. The most prominent trend in 2013 was the large

proportion of mid-sized and large sale transactions (i.e. more than \$100 million) out of the total number of deals.

This trend, which indicates a level of maturity in the industry, and was accompanied by a drop in the number of exits for less than \$10 million, contributed to the sharp increase in returns for venture capital funds, which benefited from last year's exits. According to IVC and SiSense's calculations, the funds' average return on equity was 5.3 in 2013, almost double the 10-year average of 2.91.

As for the big exits in 2014, IVC doubts that there will be many \$1 billion-plus deals. "Deals like the Waze or Given Imaging Ltd. (Nasdaq: GIVN; TASE: GIVN) acquisitions are still few and far between, and that's unlikely to change anytime soon," says IVC Research Center CEO Koby Simana.

Verint acquires Kana Software for \$514m  
The acquisition will turn the intelligence solutions provider into a company with a \$1 billion annual turnover.

Verint Systems Inc. (Nasdaq: VRNT) announced a major strategic move, which will turn it into a company with a \$1 billion annual turnover: it has acquired Kana Software Inc. for \$514 million in cash. The deal will be closed by the end of April. Verint will finance the acquisition with \$100 million from its cash reserves and the rest in bank loans and from its unused credit line, which will boost its debt to over \$1 billion.

Kana Software, a developer of on-premises and cloud customer service solutions, was founded in Silicon Valley in 1996. It has 600 employees.

"We believe that acquiring Kana would allow Verint to offer a holistic customer engagement strategy powered by Actionable Intelligence, providing significant value for our customers

and partners. Our complementary solutions represent a comprehensive offering to help optimize customer engagement," said Verint CEO Dan Bodner. "We have been impressed with KANA and share a common vision for our respective markets, including a firm commitment to our customers. We also believe there is a strong cultural fit between the two companies and a foundation for a successful future together, for both our current and prospective customers, as well as our employees."

Kana Software's customers are mid-sized and large enterprises. Its solutions are based on the connection and unification of data across different channels of communications between a company or brand with its customers, including agents, the Internet, social networks, and mobile. This reduces the time in handling customers and improves customer satisfaction. The company has 900 customers and 250 government agencies worldwide, some of which are also Verint customers.

Kana is currently owned by US private equity fund Accel-KKR, which is based in Silicon Valley, and manages a \$2 billion portfolio of technology companies. It acquired Kana in January 2010 for just \$41 million. Following the takeover, Kana acquired several companies with synergetic operations in Ireland, the Netherlands, and other countries.

At the end of Verint's third fiscal quarter in October, it had \$375 million in cash and \$645 million in long-term debt. The interest rate on the debt is 4%, after the company refinanced the debt in 2013.

### **AOL acquires video advertising platform provider Adap.tv for \$405 million**

American digital content company AOL has acquired video advertising platform provider Adap.tv for \$405 million in cash (\$322 million) and stock (\$83 million in AOL shares).

AOL, Adap.tv, Amir Ashkenazi, Teg Grenager, eBay, Bessemer Venture Partners, Gemini Israel Funds, Redpoint Ventures, Spark Capital, Adap.tv is an online video advertising company whose advertising technology platform provides advertisers and publishers the ability to buy and sell video advertising inventory across desktop, mobile, and connected TV platforms.

The acquisition is expected to enhance AOL offerings to publishers and advertisers. In 2012, Adap.tv supported more than 26,000 global ad campaigns, which ran on approximately 9,500 Web sites and was used by many top brand advertisers.

“At Adap.tv, we are focused on building the most important business within the most important category in digital advertising,” said Amir Ashkenazi, CEO, Adap.tv. “We believe that most TV advertising will soon be traded programmatically on platforms like ours. The combination of AOL and Adap.tv accelerates our vision of efficient and effective TV and video advertising.”

Adap.tv will operate independently as part of AOL’s video organization which is led by Ran Harnevo, SVP, Video, and be included as part of the overall solution offered by AOL Networks to its publisher and advertiser partners.

Adap.tv was founded in 2007 by Ashkenazi and Teg Grenager, the company’s chief product officer. Prior to founding Adap.tv, Ashkenazi was a founder and the CTO of Shopping.com, an ecommerce service, which was acquired by eBay in 2005. Before founding Adap.tv, Grenager studied natural language processing and computational linguistics at Stanford University, where he is a PhD candidate in computer science.

Adap.tv is a privately held company backed by Bessemer Venture Partners, Gemini Israel Funds, Redpoint Ventures and Spark Capital.

Headquartered in San Mateo, California, Adap.tv has U.S. offices in Chicago, Los Angeles and New York, and international offices in Australia, India and London.

Cisco acquires self optimizing network software provider Intucell for \$475 million  
Internet networking equipment provider Cisco Systems has acquired self optimizing network (SON) software provider Intucell for approximately \$475 million in cash.

Intucell’s solution enables mobile carriers to plan, configure, manage, optimize and heal cellular networks automatically, according to real-time changing network demands. The acquisition will enable Cisco to add a critical network intelligence layer to manage and optimize spectrum, coverage and capacity, and ultimately the quality of the mobile experience.

The growing demand for high-bandwidth applications and services by smartphone users is driving greater network traffic and complexity. As a result, mobile operators need to optimize network bandwidth, usage and services in order to meet the surging demand for mobile data. Intucell’s SON software platform addresses these challenges by examining the network, identifying issues in real time, and intelligently adapting the network to meet demand.

“The mobile network of the future must be able to scale intelligently to address growing and often unpredictable traffic patterns, while also enabling carriers to generate incremental revenue streams,” said Kelly Ahuja, Senior VP and GM at Cisco Service Provider Mobility Group. “Through the addition of Intucell’s industry-leading SON technology, Cisco’s service provider mobility portfolio provides operators with unparalleled network intelligence and the unique ability to not only accommodate exploding network traffic, but to profit from it.”

Intucell was founded in 2008 by Rani Wellingstein, the company CEO, and Ido Susan, VP Products at Intucell. At the beginning of 2011 Intucell raised \$6 million in equity funding from Bessemer Venture Partners. The company is headquartered in Ra'anana, Israel.

IFF to acquire Aromor Flavors for \$88m  
Kibbutz Givat Oz and a group of former Makhteshim executives will each gross \$44 million on the acquisition by the US company.  
15 January 14 17:38, Yuval Azulai

Kibbutz Givat Oz and a group of former Makhteshim Agan Industries Ltd. investors are due to sign a deal next week for the sale of Aromor Flavor and Fragrances Ltd. to International Flavors & Fragrances Inc. (NYSE: IFF) of the US for \$88 million. The negotiations lasted for a year.

New York-based IFF is one of the world's leading companies in the business, with an annual turnover of \$3 billion. Aromor is one of its suppliers. After the acquisition, Aromor will stay in Israel for at least 15 years.

Aromor has 80 employees, 20 of whom are members of Kibbutz Givat Oz, near Megiddo. Founded in the early 1980s, financial difficulties prompted the company to bring in investors. Less than a decade ago, a group of former Makhteshim executives, including Avraham Kleiner and Ilan Levita, acquired 30% of the company. They increased their stake to 50% three years later. The company produces aroma chemicals for the food, cosmetics, and perfume industries

Although Kibbutz Givat Oz will gross \$44 million on the deal, there are mixed emotions about it in the kibbutz industries sector, mainly over the growing trend of sales of know-how and infrastructures developed over decades to foreign

companies. Previous sales of kibbutz companies include irrigation products manufacturer Netafim Ltd., which Kibbutz Hatzetim sold to Permira for \$530 million; the sale by Kibbutz Naan and Kibbutz Dan of their eponymous irrigation products company to India's Jain Ltd. to create NaanDan Jain Irrigation Ltd.; and the sale by Kibbutz Lohamei Haghetaot of meat substitutes company Tivall to Osem Investments Ltd. (TASE: OSEM), which is controlled by Swiss multinational Nestle SA (SWX:NESN), for NIS 1 billion.

Kibbutz Industry Association chairman Yonatan Bassi told "Globes" today that Aromar's sale was a day of celebration for Kibbutz Givat Oz. "In the modern era, it's wrong to judge plants and companies over the question of who sells and who buys. We're talking about enterprises that manufacture products to make profits, which is why there is a good reason for the kibbutz to celebrate.

"The debate over the export of industries is irrelevant in Aromor's case, but is more relevant to the country and the question about what it should do to create the balance that will keep it here. I am not sure if the Ministry of the Economy knows how to maintain this balance."

### **The smart shoes that will prevent the elderly from falling**

Not long after Dr. Yonatan Manor's father celebrated his 80th birthday, he began falling. Manor's wife presented him with a challenge: Invent something that could prevent his father from falling. Manor's initial reaction was that it couldn't be done, but he began to observe how his father moved around, how he stabilized himself when he lost his balance and how he sat.

Manor, who has a Ph.D. in chemistry, also began to observe the residents of a senior citizens' home. He realized he could see a pattern in the way elderly people get about - and in



the way they fall. This was the start of B-Shoe Technologies.

B-Shoe is short for balancing shoe, which prevents elderly people from falling by moving one of their feet backwards when they lose balance. The product is in the testing stage.

Falls are a leading cause of mortal injury among seniors. In 2010, the direct cost of medical services for injuries caused by falls among persons aged 65 and over in the U.S. totaled \$30 billion. The Center for Disease Control in Atlanta, Georgia suspects this figure will nearly double, to \$55 billion, in 2020, due to greater longevity and aging baby boomers.

The shoe knows

How does the B-Shoe work? Its sole has a system of sensors and an electro-mechanical mechanism that can move the shoe backward. An algorithm identifies the situation of the shoe wearer – walking, sitting, standing. The sensors measure how the person's weight is distributed, and how the pressure between the front and back parts of the foot is distributed. The information is then processed by a microprocessor built into the shoe.

When the system detects that the center of the wearer's balance is suddenly being transferred behind his or her heels in the course of standing or walking very slowly, it goes into action. The mechanism, which is embedded in each shoe, helps the wearer to take the necessary backward step to prevent a fall.

Israel launches sophisticated spy satellite TEC-SAR

Missile Testing Unit, at the edge of the Israel Air Force's Palmachim base, has served as the launching pad for Arrow anti-ballistic missiles and, according to foreign reports, the Jericho III missile, which is reportedly capable of carrying a nuclear payload.

But it is Israel's observational satellites, some of which are also launched from the Unit, that have recently grabbed the attention of the top brass. The satellites - there are four government-owned ones and two privately owned ones in orbit, all of whose images are used by Israeli intelligence - take up a large chunk of the multi-year Halamish plan the army is preparing, which is due to come before the cabinet for approval in the next few months.

That is because the satellites, including the Ofek 5, 7 and 9 - the latest of which was launched in June - provide up-to-date images to the Intelligence Corps of the Israel Defense Forces, which takes responsibility for the satellites from the moment they go into orbit and the Israel Aircraft Industries engineers are satisfied with the images being sent back to Earth.

The images are used to help Israel keep an eye on sensitive "areas of interest" where planes, whether manned or unmanned, would not be able to go, said the lieutenant colonel who heads the air force's satellite and space unit.

The Associated Press, which calls the Ofek series "spy satellites," has reported that Israel is known to direct satellites over Iran to keep track of its nuclear program.

"Our dream, of course, is up-to-date video images of the area," he said. "But in practice, the fact that we have a satellite that provides us with dozens of frames above an expanse of targets is an extremely valuable asset."

IAF officials are wary of going into too much depth when it comes to describing the abilities of Israeli satellites, but the lieutenant colonel described them as "creating photographic opportunities that enable us to get up-to-date information, to the point of providing a warning on leading operational needs."

But the satellites have their limitations. Of

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Israel's six satellites, only one - the high-resolution TecSar, which features radar imaging - is capable of transmitting images at night and in poor weather conditions, and the TecSar has a view of those "areas of interest" only once every 90 minutes. In addition, its elliptical orbit means that it goes dark for two weeks of every two months or so.

The air force would like to have enough satellites to keep the Middle East covered well enough that there would be no spot where Israel cannot see what's going on once every 15 minutes.

Unlike the Ofek series satellites, TecSar - along with Eros A and Eros B, which are privately owned by a subsidiary of Israel Aircraft Industries - were launched abroad, from either Russia or India.

But thanks to Unit 151 and the Palmahim base near Tel Aviv, where the Ofek series was launched, Israel is maintaining its ability to independently launch satellites. This allows Israel to conceal some of its abilities from prying eyes at a launch abroad, and to set the launch schedule according to its own needs. To some extent, it can also decide to launch a satellite if there is an urgent operational need.

### **Teva acquires NuPathe for \$144m**

Teva Pharmaceutical Industries Ltd. (NYSE: TEVA; TASE: TEVA) has acquired NuPathe Inc. (Nasdaq: PATH) for \$144 million in cash. Teva will pay \$3.65 per share for NuPathe, plus up to an additional \$3.15 per share in milestone payments if specified net sales thresholds for NuPathe's Zecuity treatment for acute migraine are achieved.

Teva outbid Endo Health Solutions Inc. (Nasdaq: ENDP) for NuPathe by \$0.80 per share. Teva will make an offer to purchase the public's shares in NuPathe and delist the company. The deal will be closed in February.

Zecuity is the first and only prescription migraine

patch approved by the US Food and Drug Administration (FDA) for the acute treatment of migraine with or without aura in adults. It is a disposable, single-use, iontophoretic transdermal patch that actively delivers sumatriptan, the most widely prescribed migraine medication, through the skin.

Teva said that with the addition of Zecuity, it is expanding its portfolio of medicines for treating disorders of the central nervous system. Teva will also have access to NuPathe's proprietary technology including its transdermal delivery system for patients.

"We believe that Zecuity is a great fit within our existing US CNS Business Unit, with near-term sales and significant commercial potential" said Teva VP and Teva CNS general manager Mike Derkacz. "Zecuity enables rapid transdermal delivery of sumatriptan and bypasses the gastrointestinal tract to avoid issues with oral intake, addressing an important, unmet patient need, especially for those with migraine-related nausea. At Teva, we will leverage our unique Shared Solutions infrastructure to support patient utilization of this important new medicine for migraine sufferers."

### **Perion CEO: We can achieve \$1b in sales**

The CEO of three Israeli high-tech companies attended the investor relations conference held by Gelbart Kahana at the Tel Aviv Stock Exchange (TASE) today. The three companies - Perion Network Ltd. (Nasdaq: PERI; TASE: PERI), Pointer Telocation Systems Ltd. (Nasdaq: PNTR), and Gilat Satellite Networks Ltd. (Nasdaq: GILT; TASE: GILT) - are each in a different business but they have a common denominator: they have all been recently involved in mergers or acquisitions.

Gilat sold its US subsidiary; vehicle fleet management services provider Pointer acquired full ownership of Israeli roadside services com-

pany, Shagrir Systems Ltd., from the Recanati family, and bought out its partner in its Brazilian subsidiary; and Perion has completed the acquisition of Conduit's ClientConnect business. Yesterday, it was reported that Perion was in initial talks to acquire myThings Ltd. for \$100-150 million.

"I know the first question you'll ask me: Are we acquiring myThings? The answer is that we don't respond to rumors," said Perion CEO Josef Mandelbaum. "We want to help companies that are developing software to make money from the Internet. The technology we offer is the one we use for our own distribution, monetization, and optimization of our products."

Asked how Perion plans to reach its target of \$1 billion in sales, up from projections of \$400 million in 2013, Mandelbaum said, "We have a good growth rate. Assuming we make one acquisition a year over the next 3-5 years, we'll easily achieve \$1 billion in sales. The better question is what the profit margin will be. It's important to have strong cash flows."

Asked about the change in Google Inc.'s (Nasdaq: GOOG) policy, Mandelbaum said, "When Google made a lot changes, people came to Conduit, which worked well with Bing. When we look forward, we see more opportunities to increase market share."

Pointer CEO David Mahlab talked about the change in the company's business focus and its transition from a customer orientation to enterprises, where the average revenue per customer is higher. "Our goal is to sell technologies in more countries, and to enter the services business in more territories," he said, and mentioned that India was a target. "Pointer is at an interesting crossroads. We're ready for growth and improvement. We had less than \$100 million in sales in 2013, but we'll hand-

somely pass that in 2014."

As for the acquisition of Shagrir, Mahlab said, "We wanted to better leverage the synergies between the companies." He added that, despite the increase in bank debt, because of the loans to finance the acquisition. "The deal requires improving EBITDA, so that we can service our debt," he said.

Gilat had a weak year in 2013, during which it twice cut its guidance. However, it reported two big contracts in South America late in the year. "We haven't yet published targets for 2014, but it will be better than 2013," promised Gilat CEO Erez Antebi.

### **Israel's Rafael to unveil laser-based defense system**

The high energy laser (HEL) system, called Iron Beam, was unveiled at the Singapore Air Show.

#### **Iron Dome**

Rafael plans to market cyber defense solutions under the brand name CyberDome, a name that capitalizes on its highly successful product, the laser-based defense system against rockets, mortars and airborne attacks will shortly be unveiled by Rafael Advanced Defense Systems.

#### **IAI to unveil Katana unmanned ship at Defexpo**

The Katana was designed to protect critical infrastructures, including ports, undersea pipelines, oil and gas rigs.

Israel Aerospace Industries Ltd. (IAI) (TASE: ARSP.B1) will unveil its new unmanned ship, the Katana, at the Defexpo 2014 Land, Naval. In the past decade, IAI sold has sold \$2 billion worth of UAVs to Asian countries. The company's contracts with India have given it a taste for

laser-based defense system against rockets, mortars and airborne attacks will shortly be unveiled by Rafael Advanced Defense Systems

The high energy laser (HEL) system, called Iron Beam, will be unveiled at next month's Singapore Air Show.

Iron Beam will complement the battle-proven Iron Dome short-range rocket defense system by assisting in intercepting very-short-range rockets fired at Israel.

The system will add an extra dimension to Israel's missile defense program, according to Israel Defense website. The future full lineup will comprise Iron Beam (very short-range,) Iron Dome (short-range,) David's Sling (medium-range) and the Arrow 2 and Arrow 3 (long-range.)

### **Intel marks 40 years in Israel**

The company's exports totaled \$35 billion in the past 40 years and \$3.8 billion in 2013.

Intel Israel Ltd. is opening its annual event with celebrations to mark 40 years of operations in the country. Intel Israel's figures are as impressive as always, whether in terms of 40 years or for 2013. The company's exports totaled \$35 billion in the past 40 years and \$3.8 billion in 2013.

Intel Corporation has invested \$10.8 billion in its fabs and development centers in Israel over the past 40 years. These fabs and development centers currently have 9,800 employees, making Intel Israel the country's leading private employer, and they have produced one billion silicon processors for Intel Corporation.

"Without innovation in Israel, the company has no right to exist," says Intel Israel president Mooly Eden. Intel Israel's achievements include the 8088 and Pentium MMX processors, as

more. One contract alone, for the sale of Barak 8 sea missiles to the Indian Navy, is worth \$1.4 billion.

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"Without innovation in Israel, the company has no right to exist," says Intel Israel president Mooly Eden. Intel Israel's achievements include the 8088 and Pentium MMX processors, as well as the Centrino processor, the development of which Eden was responsible.

Intel Israel's exports in 2013 were slightly less than in 2012. "Even as we develop and are at the spearhead of fab technology," says Eden. "we're constantly moving on to the next technology. You produce the products because you have to reach market, so you don't include in your books the fab's initial product run and we don't recognize it." This is why linear growth, he says, is slightly above the company's exports in 2012. Intel Israel has 4,400 employees at its fab and 5,400 at its development center.

Intel Israel is holding its annual press conference against the backdrop of pending negotiations with the government over a huge grant to build a new fab with new technology in Kiryat Gat.

Intel will reportedly submit its official request for the grant in a few months, and the Ministry of the Economy and the Ministry of Finance will consider whether to award the grant, which could reach \$900 million, spread over several years.

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Intel is also at a crossroads over its strategic development. Without question, the company missed change in direction in the computer industry, where growth is mostly not in PCs, where Intel dominates, but in mobile devices, especially tablets. Intel is still not there, but it plans an aggressive entry into the market this year and to reach sales of 40 million units based on its processors, about 15% of the projected market in 2014

Lockheed Martin, EMC setting up Israeli cyber security center

With the global surge in cyber, two companies in the field - Lockheed Martin Corporation (NYSE: LMT) and EMC Corporation (NYSE: EMC) - are teaming up to establish a joint center Israel. The companies today announced that they will establish the center in Beersheva. They did not mention financial details or the scale of the activity, but they will reportedly invest \$1 million to set up the project.

The investment is intended for the employment of local workers, including from Ben Gurion University of the Negev, which is a partner in Beersheva's information security laboratory, and the solutions developed at the center will be integrated in technological solutions offered by Lockheed Martin and EMC.

Although EMC has been part of the Israeli high-tech ecosystem for a long time, and is a leader player in information security in the country at its development center in Herzliya, Lockheed Martin is a new partner. The company is best known in Israel for its aviation and defense products, but it is also one of the largest computer services contractors in the world, especially for the defense industry.

In the past year, Lockheed Martin revealed its plans to compete in the tender for the establishment of the IDF Intelligence Corp's Five

Industries technology campus in the Negev, at an estimated cost of NIS 1 billion. In addition to this activity, Lockheed Martin plans to expand its computer activity in Israel, especially in information security.

Lockheed Martin VP international engineering and technology John Evans said, "We recognize evolving global needs, as well as the wealth of innovation taking place within Israel and its universities."

"We expect this collaboration with Lockheed Martin will help EMC continue to rapidly accelerate our important research and development," said EMC Israel Center general manager Orna Berry.

Stratasys Launches Multi-Material Color 3D Printer

In April 2012 Israeli 3D printer company Objet announced a merger with its American counterpart Stratasys.

Stratasys is shaking up the 3D printing game with introduction of the first and only machine that combines color with multi-material 3D printing.

The Objet500 Connex3 Color Multi-material 3D Printer is more than just a mouthful—it features a unique triple-jetting technology, which allows for an almost unlimited combinations of materials and color. It pops out a finished product, no assembly or painting required.

"Stratasys's goal is to help our customers revolutionize their design and manufacturing processes," CEO David Reis said in a statement. "I believe our new [printer] will transform the way our customers design, engineer and manufacture new products."

The team at Wisconsin's Trek Bicycle beta tested the printer, building accessories like

bike chain stay guards and handlebar grips for assessment ahead of production.

According to prototype development group manager Mike Zeigle, the printer augmented their usual time-consuming process with “fast, iterative, and realistic prototyping and functional testing.”

Strata

And the vibrant colors helped, too. Like any old inkjet printer, the Objet500 uses three color materials—VeroCyan, VeroMagenta, VeroYellow—to produce hundreds of color combinations.

Those colors are transferred to photopolymer supplies like digital materials, rigid, rubber-like, transparent, and high temperature ingredients.

More palettes are expected in the second quarter of the year, including rubber-like Tango colors, ranging from opaque to transparent colors for use in the automotive, consumer, sporting goods, and fashion markets.

As a multi-purpose 3D printer, the Connex3 is “in a league of its own,” said Igal Zeitun, vice president of product marketing and sales operations. “[It enables] you to dream up a product in the morning, and hold it in your hands by the afternoon, with the exact intended color, material properties and surface finish.”

Seven years after the Objet Connex Multi-material 3D printing platform was introduced, the newest model—the Objet500 Connex3—is available for \$330,000 online and via Stratasys’s worldwide reseller network.

“In general and with the Connex technology in particular, we will continue to push the envelope of what’s possible in a 3D world,” Reis said.

Stratasys last year acquired desktop 3D printing company MakerBot for \$403 million.



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