

ISRAEL HIGH-TECH & INVESTMENT REPORT

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Billionaires Invest in Israel

InSight Innovations buys CureTech for up to \$550m

This is the third time that the Israeli drug developer has sold the commercialization rights to its cancer drug.

Medical industry holding company Clal Biotechnology Industries Ltd. (TASE: CBI) announced that cancer drug developer CureTech, in which it has a controlling 53% stake, has been sold to Rehovot-based InSight Innovations in a deal that could reach \$550 million. CureTech is developing an immunotherapy treatment for cancer that has successfully undergone advanced clinical trials and is currently designed for treating BIPG, a rare type of brain tumor.

InSight will pay \$50 million immediately, partly to be invested in developing the product and partly to be divided among the company's shareholders. CBI, controlled by Len Blavatnik, will receive \$3 million.

With milestone payments and royalties, CureTech could earn up to \$550 million from the deal.

If the product is eventually as planned approved by the US Food and Drug Administration (FDA) for orphan indications in children and receives a pediatric voucher \$150 million benefit from the FDA, then CureTech will receive 20% of the sum.

This is the third time that CureTech has sold

commercialization rights to the drug. It was first sold to Teva Pharmaceutical Industries Ltd. (NYSE: TEVA; TASE: TEVA), which invested Tens of millions of dollars in developing the treatment before returning CureTech to CBI in 2012, when Teva was under CEO Jeremy Levin.

CureTech was again sold in 2014 to Medivation,



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for an advance of \$5 million and milestone payments and royalties that could have reached between \$85 million and \$245 million. Medivation was acquired by Pfizer in 2016 and last October CureTech paid \$20 million to buy back the drug. Some of the money being paid now by InSight will apparently be used to pay Pfizer.

To date, CureTech has spent \$100 million developing the drug including \$5 million by CBI.

Drug development company InSight was recently acquired by Estonian company PharmaEstica Manufacturing and its Israeli partner Dr. Dobraslav Melamed for NIS 10.6 million.

Israeli startups raised over \$300m in March

Israeli startups raised over \$1 billion in the first quarter of 2018, according to press releases issued by the companies.

Israeli startups raised about \$330 million during March, according to press releases issued by companies that have completed financing rounds. The figure may be more as some companies prefer not to publicize the investments they have received.

According to press releases, Israeli startups raised an estimated \$260 million in January and \$500 million in February bringing the first quarter total to just below \$1.1 billion, up from \$1.03 billion in the first quarter of 2017, according to IVC-ZAG.

In 2017, Israeli startups raised a record \$5.24 billion raised in 2017, according to IVC-ZAG, which was up from \$4.8 billion in 2016, which was itself a record.

Nearly one third of March's figure was due to \$100 million raised by social trading company eToro. Other major financing rounds in March

included \$30 million raised by cybersecurity company BioCatch, \$30 million raised by AI medical diagnostics company Medial EarlySign and \$29 million raised by fintech company Capitolis. Medical monitoring company Continuse Biometrics raised \$20 million and SaaS security platform Luminare Security raised \$14 million.

RSA acquires Israeli behavioral analytics company Fortscale

The Tel Aviv-based company has developed machine learning-based user and entity behavior analytics for cybersecurity.

US network and security company RSA has announced that it is acquiring Israeli big data behavioral analytics company Fortscale. RSA said that the Tel Aviv based company would become part of its NetWitness platform and enable it to introduce the most comprehensive UEBA solution on the market. No financial details about the acquisition were disclosed.

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Fortscale was founded by CEO Idan Tendler and COO Dr. Yona Hollander and has raised \$23 million to date with investors including Evolution Equity Partners, Valor Capital Group, Intel Capital, Blumberg Capital, Swarth, CME Ventures and UST Global. The company has developed machine learning-based user and entity behavior analytics (UEBA) for security.

UEBA facilitates the automatic identification of deviations from normal user behaviors to uncover risky and previously hard to detect threats.

"The RSA NetWitness Platform has helped our team increase their visibility, detect threats with higher fidelity, and automate response to the threats that pose the greatest risk to our organization" said John Byers, Senior Vice President, Information Security and CISO, IBC Bank.

"Our security analysts cite RSA NetWitness Platform as the technology that marks the biggest impact on their effectiveness, making the process of identifying and intelligently responding to threats more streamlined and efficient."

RSA said that its acquisition of Fortscale will provide customers with embedded UEBA capabilities integrated with the Platform. RSA NetWitness UEBA directly addresses and overcomes obstacles that standalone solutions have encountered due to their high cost and high touch requirements.

RSA NetWitness UEBA requires minimal customization and no manual tuning. Its patented, three-tier unsupervised machine learning analytics engine automatically finds known and unknown threats that rule-based systems cannot with greater accuracy.

RSA, part of the EMC-Dell Group, already has a very large presence in Israel based on previous acquisitions.

Compugen signs cancer drug licensing deal worth up to \$200m

MedImmune, the R&D arm of AstraZeneca, will make an immediate payment of \$10 million to the Israeli cancer immunotherapy company.

Israeli cancer immunotherapy company Compugen Ltd.

(Nasdaq: CGEN; TASE: CGEN) announced that it has entered into an exclusive license agreement with MedImmune, the biologics R&D arm of AstraZeneca. The agreement will facilitate the development of bi-specific and multi-specific immuno-oncology antibody products.

Under the terms of the agreement, Compugen will provide an exclusive license to MedImmune for the development of bi-specific and multi-specific antibody products derived from a Compugen pipeline program. MedImmune has the right to create multiple products under this license and will be solely responsible for all R&D and commercial activities under the agreement.

Compugen will receive a \$10 million upfront payment and is eligible to receive up to \$200 million in development, regulatory and commercial milestones for the first product as well as tiered royalties on future product sales. If additional products are developed, additional milestones and royalties would be due to Compugen. Compugen will retain all other rights to its entire pipeline of programs as monotherapies and in combination with other products.

Compugen president and CEO Dr. Anat Cohen-Dayag said, "We are excited to announce our agreement with MedImmune, a global leader in the development of antibody-based oncology therapeutics. This licensing deal allows us to monetize specific scientific advances in our programs, while we continue to advance our lead programs into clinical trials.

We are committed to our strategy of selectively collaborating with biopharmaceutical companies for the development of first-in-class products against our diverse, computationally-derived portfolio of targets."

MedImmune VP oncology R&D Ronald Herbst said, "This agreement with Compugen will support our abilities to generate novel immunotherapy targets which, coupled with MedImmune's expertise in antibody engineering, can advance our goal of delivering treatments to meaningfully improve the lives of cancer patients."

VisionSense raises \$8m

The company already has sales of its 3D Stereoscopic Vision System endoscope in the US and Europe.

3D minimally invasive surgical solutions developer VisionSense Ltd. has raised \$8 million from Volcano Capital Ltd., Wheatley Capital, TechnoPlus Ventures Ltd. (TASE:TNPV), and other investors.

Founded as EnVision in 1998, VisionSense is now at the market penetration stage for its product, Visionsense Stereoscopic Vision System endoscope, which provides a 3D image for diagnosis or navigation for minimally invasive surgical procedures.

VisionSense already has sales in the US and Europe, and is planning an organized penetration of the market, either via its own marketing staff, or through distributors. The proceeds from the round are slated for this purpose, as well as for the development of new products.

Lewis Pell invested in VisionSense in 2004. Pell and Prof. Shlomo Ben-Haim have invested in dozens of start-ups and made more than \$500 million in exits, including in Biosense,

Instent, Disc-o-Tech Ltd., and X-Technologies.

Other shareholders in VisionSense include GlenRock Israel, Star Ventures, and Shalom Equity Fund.

Medtronic to buy Israeli co Visionsense for \$75m

he Petah Tikva based company has developed a minimally invasive device for brain surgery.

US medical equipment company Medtronic will buy Israeli minimally invasive surgery technology developer Visionsense for \$75 million, sources inform "Globes." Medtronic will pay \$40-50 million cash and a further \$25 million in milestone payments.

Petah Tikva based Visionsense, which was founded in 1998, develops minimally invasive surgical devices, mainly for brain surgery. The company has raised \$20 million and is currently financed by revenue from its products but returns for investors are relatively small considering that the company is 20 years old. The last major financing round was in 2009.

The company was founded by Avi Yaron who after being involved in a motorbike accident was rushed to hospital where he was told that although he would recover from the accident they had found he had a brain tumor that required immediate surgery. The accident saved his life because the tumor would probably not have been discovered until it was too late.

Yaron underwent surgery in the US by Dr. Patrick Kelly but small fragments of the tumor remained that could not be removed by existing means. Yaron, an electrical engineer and entrepreneur set about developing a unique imaging device that would enable Dr. Kelly to carry out surgery without causing subsequent severe physical disability or

epilepsy that the physicians predicted. He worked for two years before succeeding in developing such a device. Meanwhile doctors had succeeded in removing the remainder of the tumor after a series of awkward surgeries, which would have been much more straightforward and safer using Visionsense's product.

Yaron is today perfectly healthy and has left the company to set up Joy Ventures, which develops technologies to improve quality of life.

Visionsense's investors include Lewis Pell, Motti Beyar, Star Ventures, Peregrine Ventures, and Glenrock Fund. Yaron said, "The current management and staff are amazing and have made significant improvements to the product. The company works on the cutting edge of physics."

This is Medtronic's ninth investment in Israel in the past 13 years.

Palo Alto Networks buys Israeli cybersecurity company Secdo for \$100m

The Ra'anana based company has developed unique data collection and visualization capabilities.

US cybersecurity company Palo Alto Networks (NYSE: PANW) today announced that it has agreed to acquire Israeli cybersecurity company Secdo. Sources close to the deal at Secdo say that Palo Alto Networks will pay \$100 million mostly in cash but also in shares.

The acquisition will bring sophisticated EDR capabilities including unique data collection and visualization to Palo Alto Networks Traps advanced endpoint protection to enhance its ability to rapidly detect and stop even the stealthiest attacks.

Founded in 2015 by CEO Shai Morag and CTO

Gil Barak, both graduates of the IDF 8200 intelligence unit, Secdo has developed a platform to provide Next-Generation Incident Response solutions on cyberattacks. Amir Kotler serves as president and COO.

The company is based in Ra'anana and has raised \$11 million to date, Investors include RDC (owned jointly by Elron Electronic Industries Ltd. (TASE: ELRN) and Rafael Advanced Defense Systems Ltd.), Eyal Ofer's O.G. Tech Ventures and angels including Check Point Software Technologies Ltd. (Nasdaq: CHKP) founder Marius Nacht.

Secdo's team of elite engineers will complement the deep security expertise and innovation inside the Palo Alto Networks R&D organization. The company's thread-level approach to data collection and visualization goes far beyond traditional EDR methods, which only collect general event data and hamstrings security operations teams trying to reconstruct each step of an attack and distinguish malicious activity from normal activity. Once integrated with Traps and the Palo Alto Networks platform, this rich data will feed into the Logging Service and give applications running in the Palo Alto Networks Application Framework greater precision for detecting and stopping cyberattacks.

Morag said, "We are delighted to join the Palo Alto Networks team. We founded Secdo to dramatically increase visibility for security operations teams to reduce the time it takes to detect and respond to an alert. The combined capabilities of Secdo and Palo Alto Networks will provide customers the capabilities they need to swiftly and accurately detect and respond to cyberattacks."

Palo Alto Networks chairman and CEO Mark McLaughlin said, "We believe security operations teams need the most advanced and consistent approach to endpoint security. With Secdo's EDR capabilities as part of our

platform, we will accelerate our ability to detect and prevent successful cyberattacks across cloud, endpoint, and the network."



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