

# **TECHNOLOGICAL INCUBATORS PROGRAM**

## **ISRAEL**

**By: Rina Pridor**

**Founder & former General Director**

# Activities of the O.C.S.

Chief Scientist  
Dr. Eli Opper

## Activities in Israel

Support of  
Research Institutes

Tnufa

Support of  
Traditional Industry

Seed Fund

Technological  
Incubators

R&D Centers  
in Universities

Magnet  
Magnetron, Nofar

R&D Fund

## International Activities

Matimop

Bi-National Funds

Bi-National  
Agreements

Eureka

EU R&D Program  
FP-6 FP-7

Global Enterprise R&D  
Cooperation Framework

US-Israel Science &  
Technology Commission

Evaluating

Ministry of Industry, Trade and Labor

Office of the Chief Scientist



# The Dilemma

---

**Government involvement in the  
Israeli Technological incubators  
is significant.**

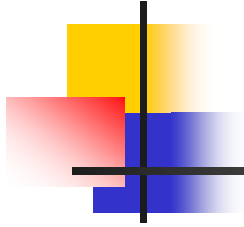
**Is it justified in a free market ?**



## **Program's main mission**

---

Developing innovative technological ideas into start-ups , and leading them towards first round Investment.



- Why Technological?
  - Why Innovative?

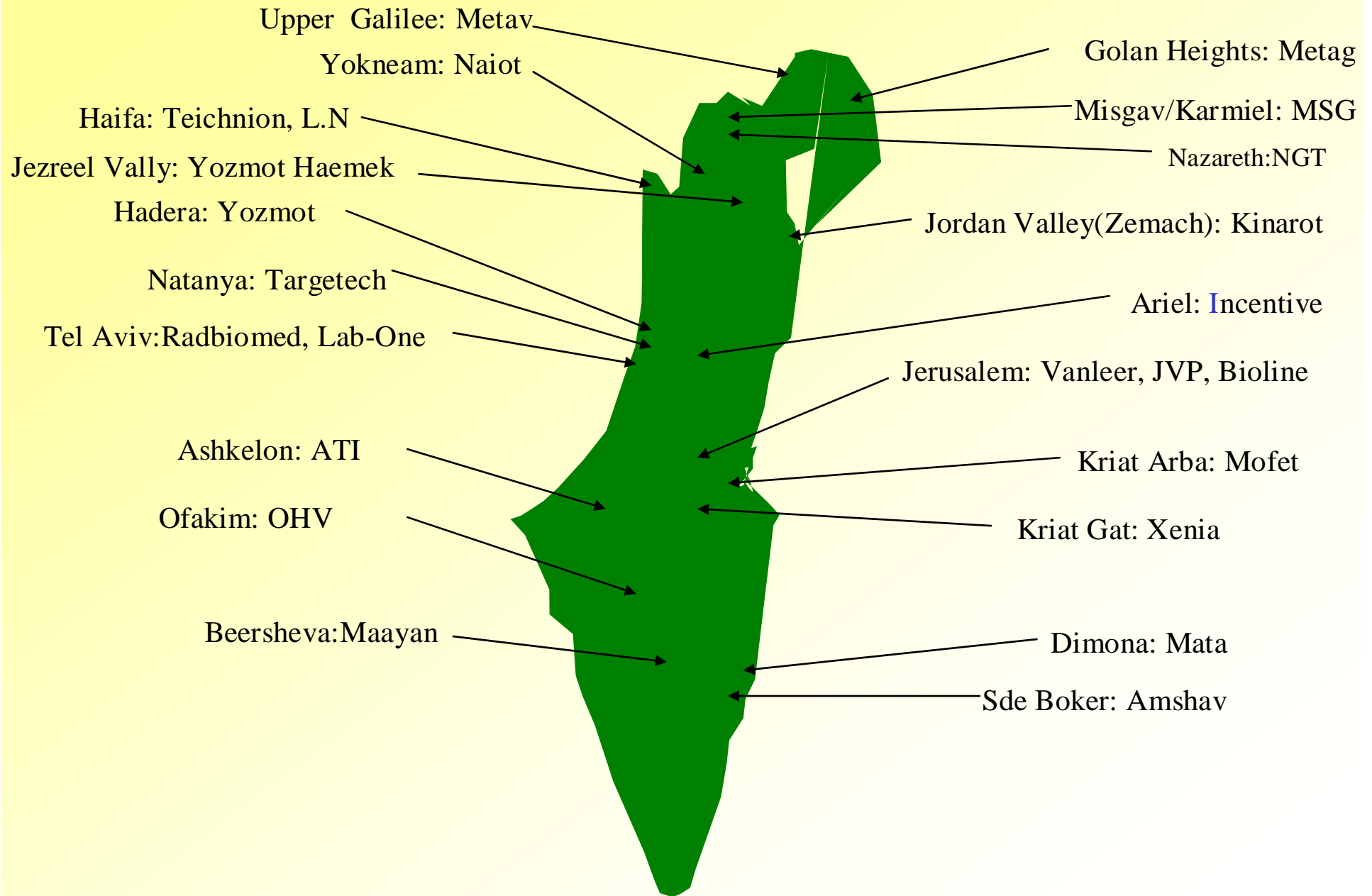


# Program's additional missions:

---

1. Encourage and strengthen:
  - New immigrants
  - Peripheral regions
  - Minorities
2. Support preferred technological areas.
3. Create a creative entrepreneurial culture.
4. Expose young students to entrepreneurship.

# Incubators Location





## What will be considered a success?

---

Raising private investment for as many project companies as possible



# INCUBATOR ORGANIZATION

---

- Independent legal entity.
- Skilled and experienced general manager.
- Board of directors - from industry, business sector, research institutes.
- Suitable facilities for R&D activity.
- Technological, financial, administrative and logistic support to projects.



## WHAT DOES AN INCUBATOR OFFER TO THE ENTREPRENEUR ?

---

- Appropriate facilities for R&D
- Financing.
- Central administrative services (secretarial, accounting, legal, acquisition)
- Management assistance
- Professional guidance
- Business direction
- Assistance in commercialization
- Inter-tenant synergism
- Sharing existing infra-structure



# Acceptance to the Incubator

---

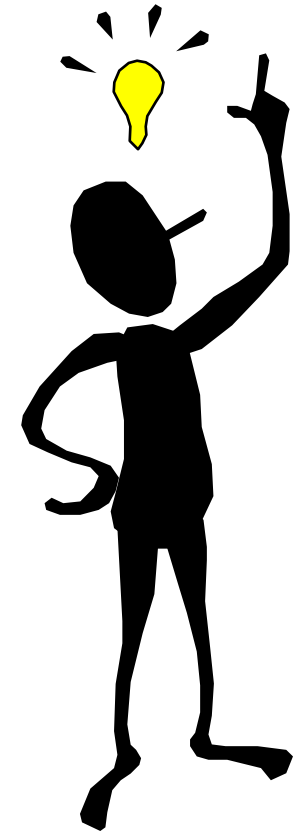
1. Existing incubators.
2. Approaching an incubator.
3. Incubator's assessment.
4. Decision of OCS incubators Committee.
5. Performing project's program in the incubator.



# Project Criteria

---

- Product oriented.
- Rooted in research & development.
- Innovation and uniqueness.
- Early stage - immature - very high risk level.
- Significant potential market.
- Feasible with available resources.
- Individual initiative.





# Project's missions

---

- 1. Program planning.
- 2. Staff recruiting
- 3. Company registration.
- 4. Building company's value:
  - 4.1. Proving technological feasibility.
  - 4.2. Creating intellectual property.
  - 4.3. Proving marketing feasibility.
  - 4.4. Starting regulatory procedures.
  - 4.5. Preparing Business plan.
- 5. Alliance with strategic partners.
- 6. Raising investments.



# Government support

---

- Average budget of project: \$500K
- Government support: 85% of budget
- Support duration: 2 – 3 years
- Extended support to Biotech
- Annual Government Budget to the Program: \$35M



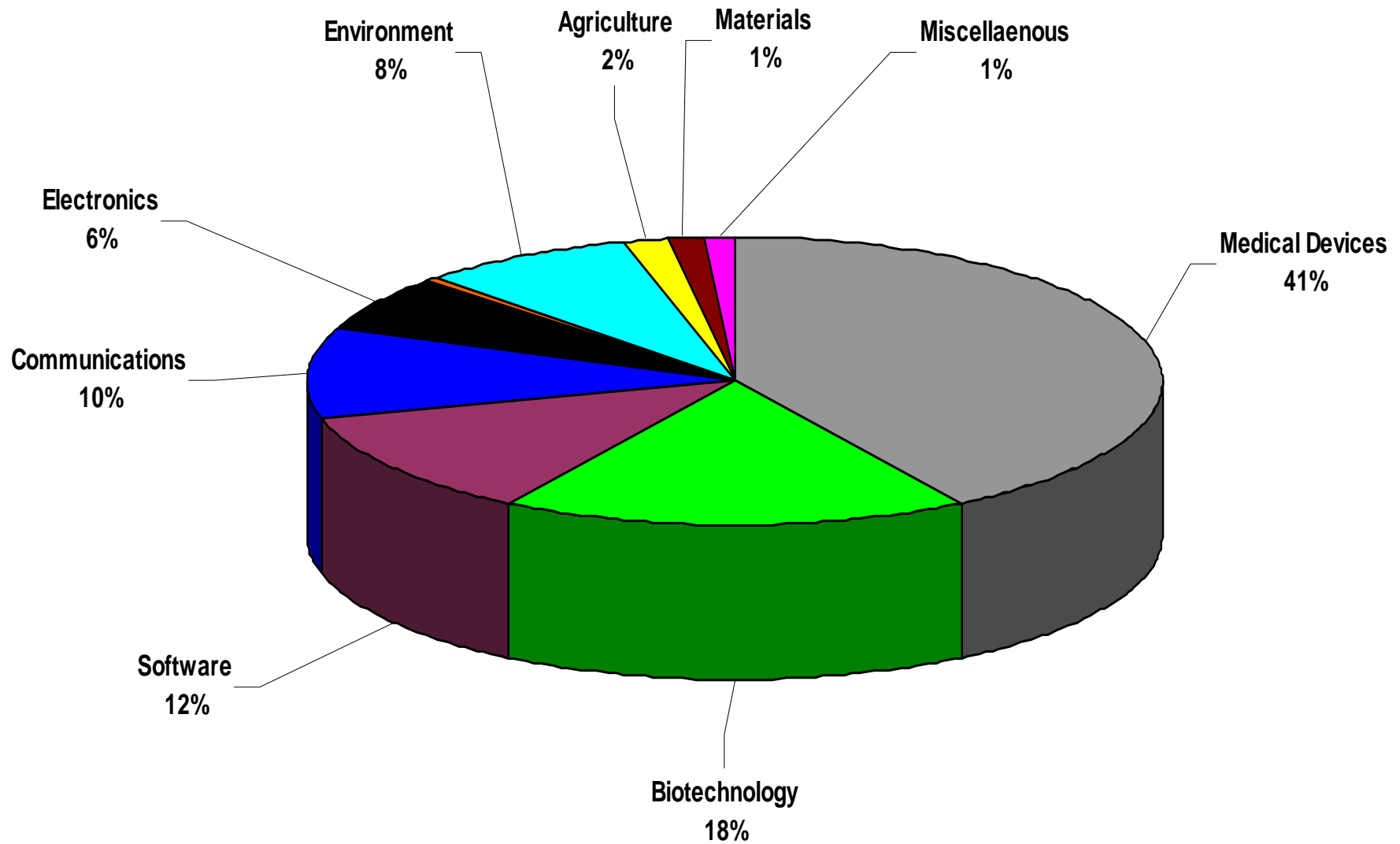
## Volume of operation

---

- 24 incubators: out of which 15 are located in peripheral areas.
- Approximately 200 projects are in development stage at any given time.
- Approximately 10 projects per incubator.

# Fields of Activity

31.12.2008





# Program Development

---

- 2002 – Good results.
- New Goal: Better results.
- How?
- Privatization program.



## Privatization Program (1)

---

- Bring strong investors to take ownership over the incubators.
- Give them high up-side – Make them partners to the projects.
- Thus, strengthen professional and financial capabilities of incubators.



## Privatization Program (2)

---

### **What is brought by new owners?**

- Financing Incubators administration expenses.
- Investing Supplementary financing in projects and more.
- Strategic and financial capabilities.
- Further investing in incubator graduates.
- Undertaking the responsibility to pay back the government loan.



## Privatization Program (3)

---

### Problem:

- Choosing very high risk projects.

### Solution:

- Government continues same support to projects.

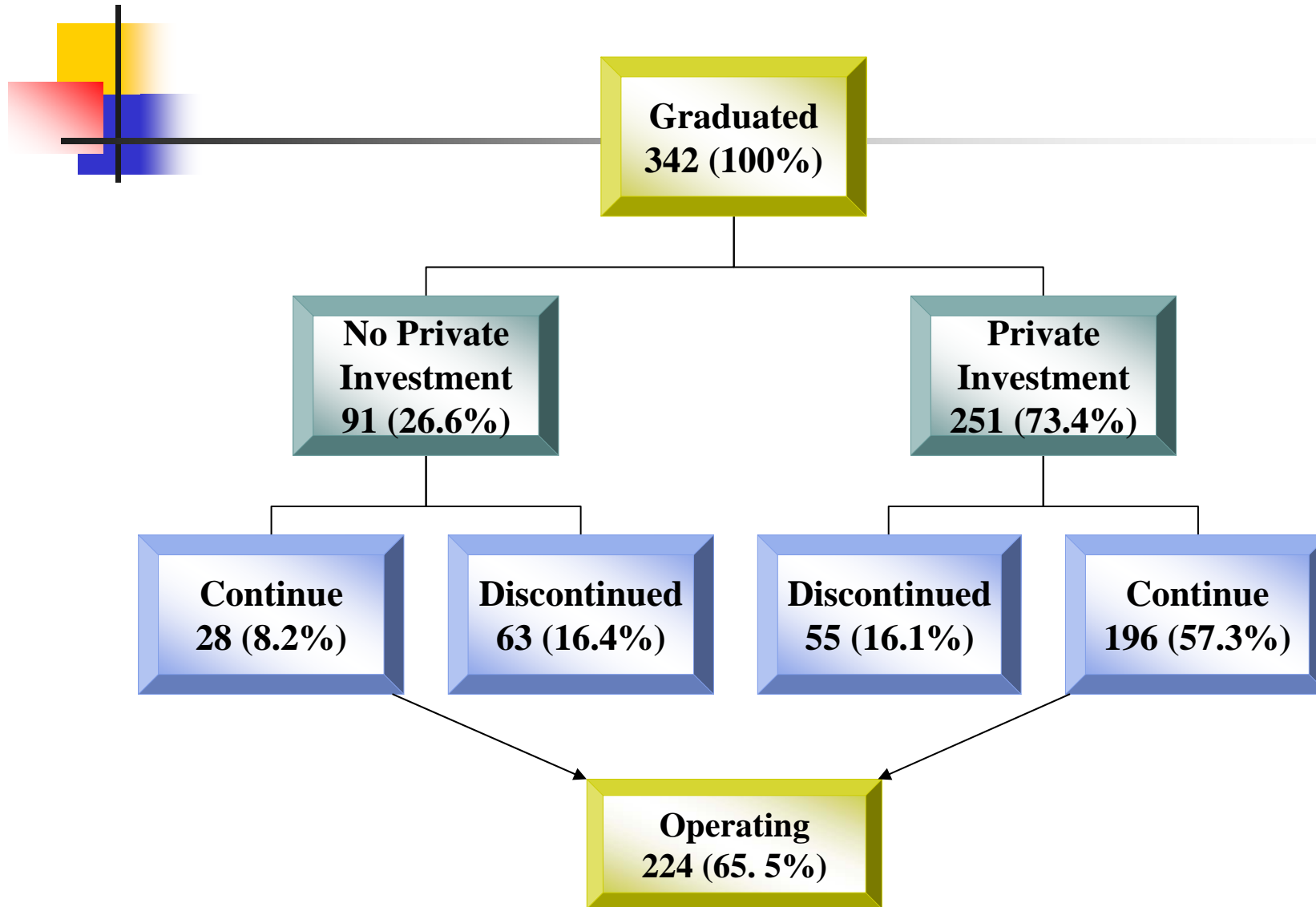


## Results

---

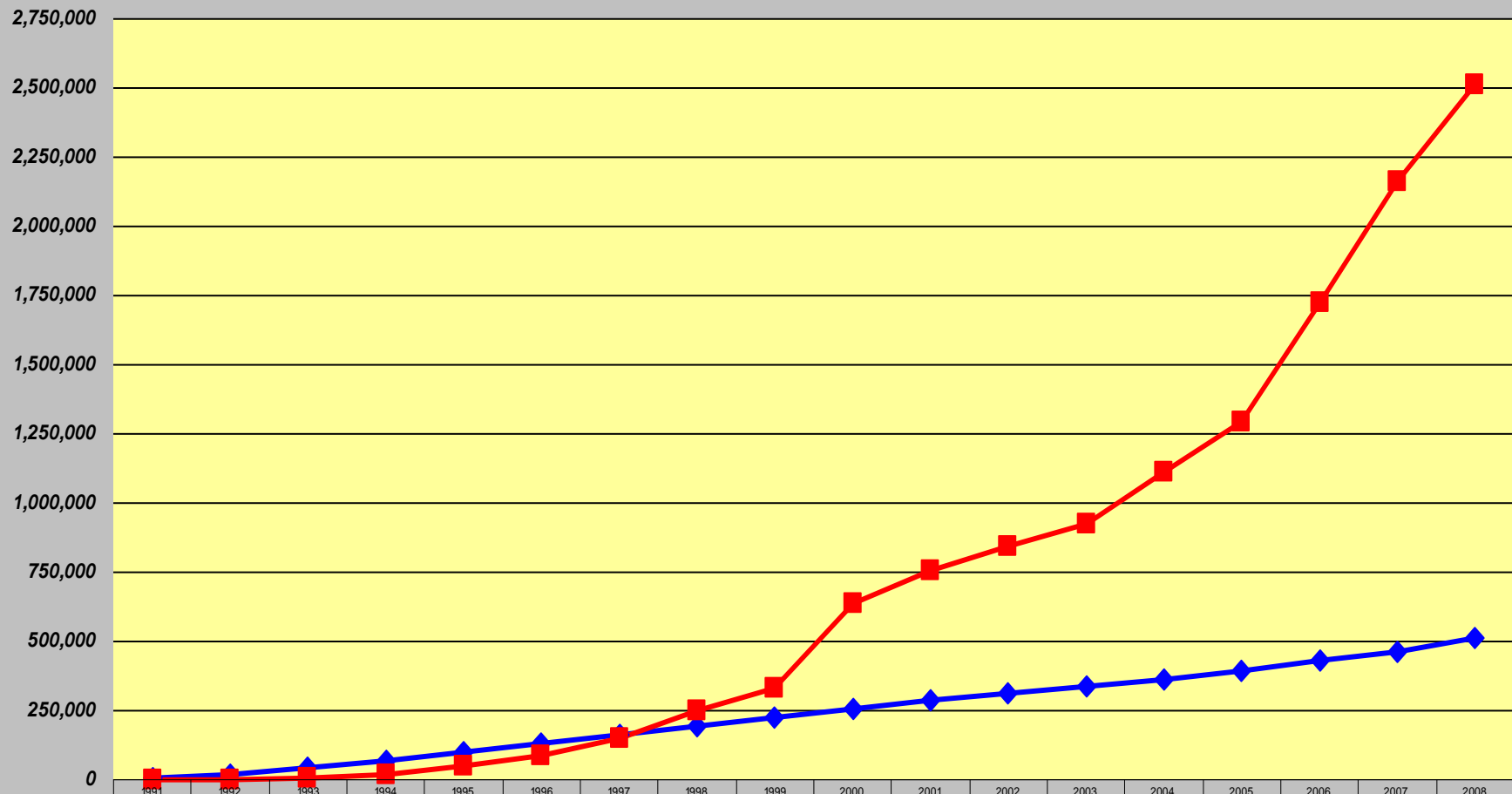
- 2007: 65% success rate in raising private investments to projects
- Larger investments.
- Higher company value.

# Status of graduate projects From 2004 Until 2008



# Government Investments VS. Private Funds Raised in Incubator Companies 1991 - 2008

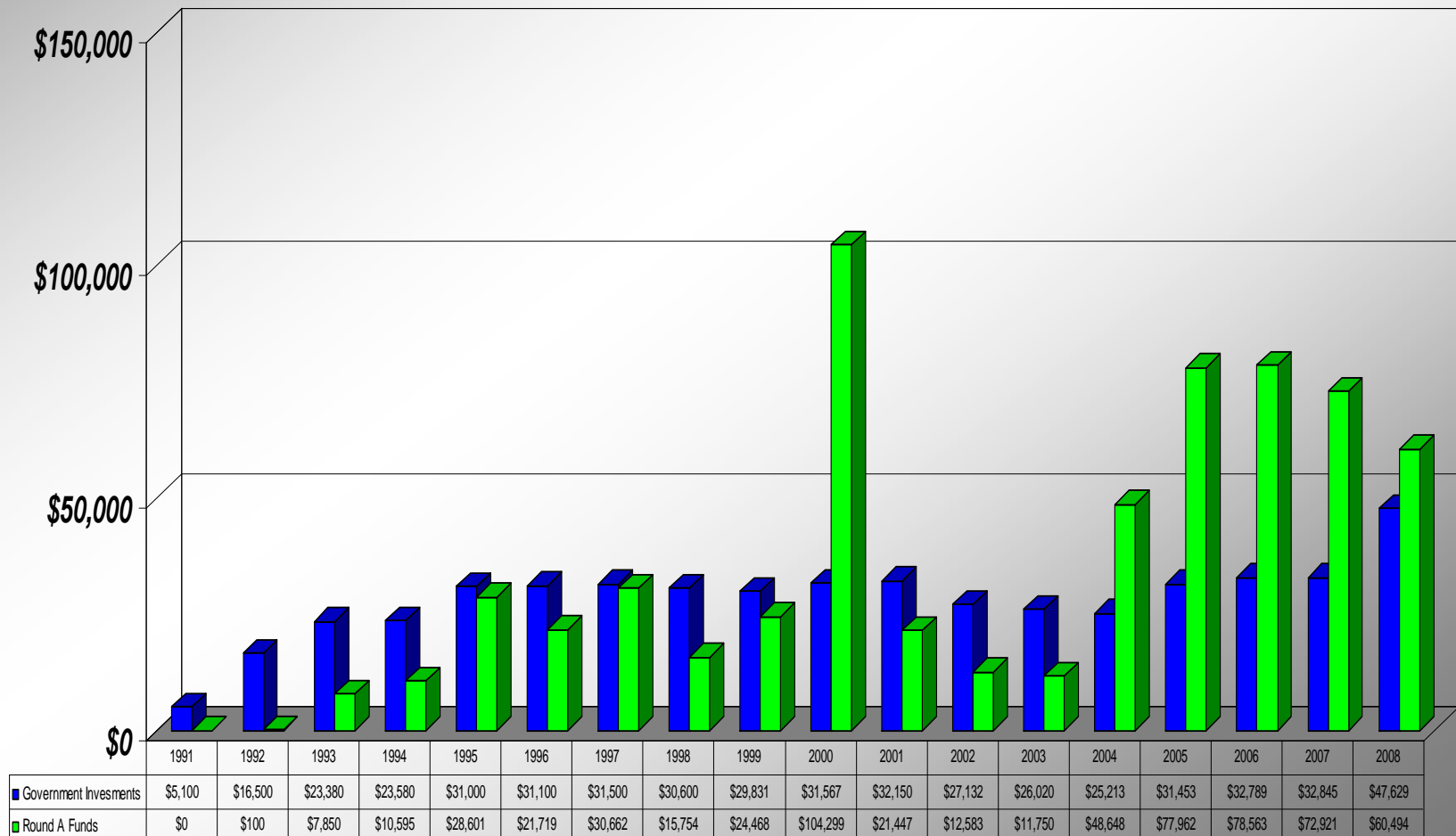
Thousand Dollars

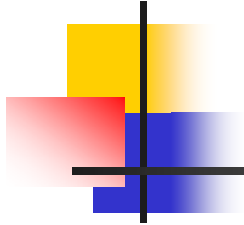


	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Cumulative Government Investments	5,100	21,600	44,980	68,560	99,560	130,660	162,160	192,760	222,591	254,158	286,308	313,440	339,460	364,673	396,126	428,915	461,760	509,389
Cumulative Private Funds	0	100	7,950	19,045	52,026	90,580	152,652	248,390	333,921	637,635	757,080	842,126	922,824	1,115,355	1,294,832	1,723,916	2,162,940	2,509,667

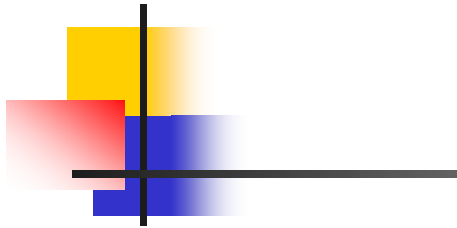
# Government Investments VS. Round A Funds Raised in Incubator Companies (By Year) 1991 - 2008

Thousand Dollars





- Incubators Program is No. 1  
“Producer” of start-ups in Israel.
- Israel is rated second in the world  
(after silicon valley) in creating  
technology start-ups.



Ministry of Industry Trade and Labor  
Office of the Chief Scientist

TECHNOLOGICAL  
INCUBATORS PROGRAM  
FROM IDEAS TO START-UPS



Hamered 29, P.O.B. 50031 Zip 61500 Tel-Aviv, Tel: 972-3-5118127 Fax: 972-3--5173734  
email:hamamof@ocs.moital.gov.il website: <http://incubators.org.il>



## Election of Projects

---

- Should be professional.
- Impossible to predict success or failure.
- Enable as many projects as possible to prove themselves.

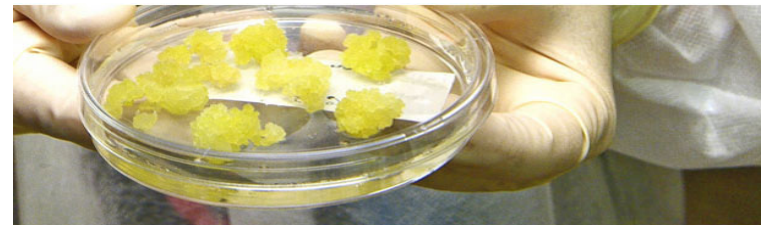


# Success Stories

---

# Protalix – Meytav Incubator

- Proprietary technology based on plant cell culture and bioreactor system which provides an effective and scalable cell system for industrial production of recombinant biopharmaceuticals.
- Enzyme therapy for Gaucher Disease
- Phase III
- Year graduated from incubator: 1996
- Traded on Nasdaq & Amex since 2007
- Raised over \$90M, out of which \$50M raised via IPO in 2007
- Partnerships with Teva, Weizmann institute, Hebrew University and Boyce Thompson institute for plant research
- ~100 employees



# D-Pharm – Orit (now Incentive) Incubator



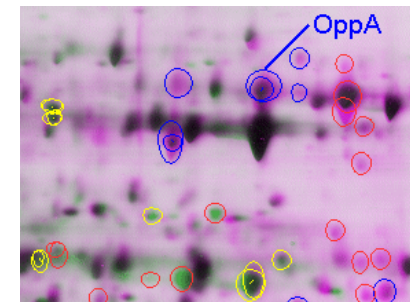
- Developed lipid-like therapeutics and has generated a rich product pipeline from its drug targeting and discovery technologies.
- Several drugs for Stroke & Alzheimer's disease.
- Early stage of developing a drug for pancreatic cancer.
- Success in Phase IIb (drug for stroke) and ready for phase III (completed pre-IND meeting)
- Year graduated from incubator: 1994
- Raised over \$65M, out of which \$5M raised in 2008
- 30 employees



# Compugen – Am-Shav (now Iris) Incubator



- Discovery and licensing of product candidates to the drug and diagnostic industry. The Company's powerful discovery engines enable the predictive discovery of numerous potential therapeutics and diagnostic biomarkers.
- Focused mainly within the areas of cancer, immune-related and cardiovascular diseases.
- Year graduated from incubator: 1994
- Subsidiaries: Evogene, Kedem Bioscience
- Collaborations: Teva, Merck, Roche and others.
- Traded on Nasdaq since 2000 and TASE since 2002
- Raised over \$115M, out of which \$90M raised via IPO in 2000
- Sales reaching over \$60M (mostly export)
- ~75 employees





## **SIGHTLINE**

# Sightline – Eltam Incubator

---

- Miniature mechanical, electronics, optical and video systems, as well as video-imaging systems aimed at needs of gastroenterology and the early detection of colon cancer.
- FDA Approved
- Year graduated from incubator: 1995
- Stryker Corp. acquired Sightline for \$150M in 2006 and turned it into its Israeli R&D center.
- Raised \$29.5M prior acquisition
- ~20 employees





# Mazor – Technion Incubator

- SmartAssist - surgical guidance platform that enables surgeons to perform at an unprecedented level of precision, certainty, control, speed and simplicity.
- The SmartAssist platform incorporates patent pending CT-fluoroscopy registration software, and its patent pending bone-attached guidance device is based on miniature robotic technology.
- FDA & CE Approved
- Year graduated from incubator: 2002
- Raised \$36M, out of which \$13.5M raised via IPO in 2007
- ~30 employees





# Contipi – L.N. Incubator

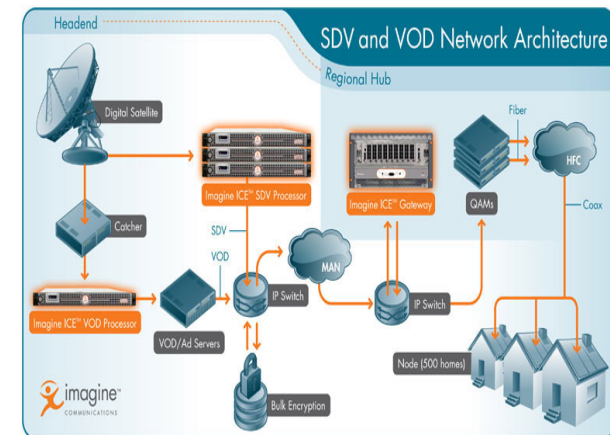
---

- Developing a series of disposable vaginal inserts that dramatically reduce or prevent urinary incontinence.
- FDA & CE Approved
- Year graduated from incubator: 2005
- Raised \$4M and signed a global marketing agreement with one of the world leaders in consumer goods.
- Started sales in 2007: \$800,000
- ~10 employees



# Imagine – Iris Incubator

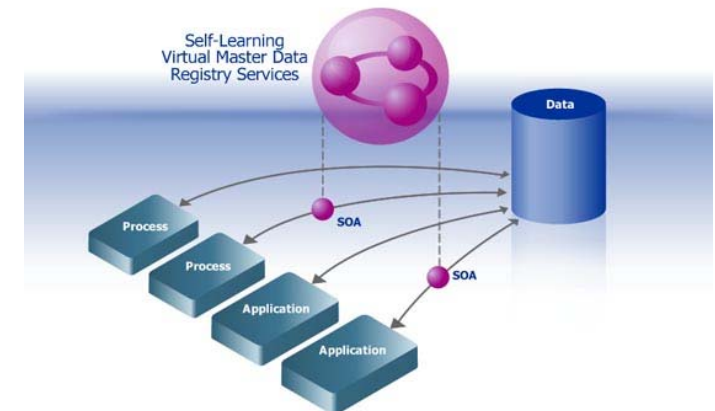
- Imagine Communications has launched the industry's most powerful and scalable digital video platform, enabling system operators to cost-effectively increase both the quantity and quality of digital video services over virtually any system.
- Year graduated from incubator: 2006
- Raised ~\$25M
- Sales estimated at 4 Million Dollars
- 60 employees





# Zoomix – JVP Incubator

- leading developer of automated product data quality management software solutions
- Year graduated from incubator: 2005
- Microsoft acquired Zoomix for 25 Million Dollars in 2008
- Raised over \$6M prior acquisition
- 25 employees that will be integrated in Microsoft's new R&D Center in Herzeliyya





# Double Fusion – JVP Incubator

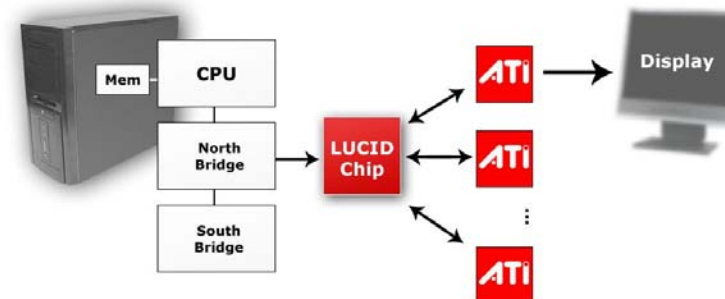
- In-Game Advertising technology.
- Core product: library integrated into the game code, and a suite of tools that enable a full spectrum of ad placements to be dynamically served in-game, tracked and reported.
- Year graduated from incubator: 2005
- Raised over \$36M.
- Numerous partnerships and customers world-wide such as:
- ~25 employees





# Lucid – Ma'ayan Incubator

- Lucid's SGH technology consists of a high-performance chipset and architecture that enable traditional graphic processing cores, graphic processing chips and graphic cards to turn into an unmatched, scalable and powerful visualization and gaming solution.
- Year graduated from incubator: 2005.
- Capital raised ~\$20M
- Ma'ayan payed back the government grant.
- 60 employees.



# Aeronautics – Orit (now Incentive) Incubator

Aeronautics

- Aeronautics Defense Systems Ltd manufactures and supplies state of the art Unmanned Systems, integrating surveillance equipment and network information technologies in a range of unmanned systems including: land, surface and air.
- Year graduated from incubator: 1999
- Customers: Armies around the world.
- Capital raised ~\$50M
- Sales estimated over 100 Million Dollars.
- ~300 employees.





# **THE INCUBATORS PROGRAM**

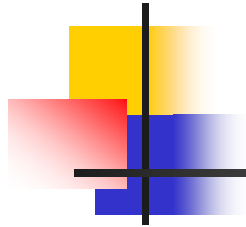
---

**WEBSITE:**

**[WWW.INCUBATORS.ORG.IL](http://WWW.INCUBATORS.ORG.IL)**

**E-MAIL:**

**[hamamot@ocs.moit.gov.il](mailto:hamamot@ocs.moit.gov.il)**



**Thank You**