



Dear Friends,

September Edition

Long time No see!

After a few months' hiatus to settle into the new realities of a global pandemic, we're excited to be back with a new edition of 'Doing Business in Israel'.

In times like these, keeping business on course requires out-of-the-box thinking, agility, and being unafraid of failure – a set of features that are well-embedded in the Israeli business culture. Owing to this, among other factors, the Israeli tech market has remained active and bubbly throughout these challenging months, and even set a new record for fundraising during the first six months of 2020.

As all eyes are fixed on the trends that will lead the new decade and the post-pandemic world, here at KPMG, we believe Proptech, technologies built for the real estate space, will be one of the hottest potatoes. And this is also the focus area for this edition:

The global real estate sector has been quite slow to adopt new technologies and innovations, but this situation is gradually changing. In fact, we believe that eventually there will be no 'prop' without 'tech' across every stage of the real estate value chain.

We ran a fascinating interview with Dan Gildoni, the CEO of Placense, an innovative leader in the Proptech ecosystem, that seeks to shape the future of real estate from a unique angle: location intelligence. Placense essentially brings data analytics to life in the physical world – they gather mobile data to create highly detailed insights into the ways people interact with the spaces around them. Relevant today more than ever, these insights help real estate companies make well-informed decisions quickly, based on real-world data instead of gut feelings.

As always, our magazine also includes other innovations and a refreshing local cultural bite. We hope it makes for a good read, and wish all of us that the only future interaction we have with the word 'Corona' is entirely beer-related.

Happy Jewish New Year to those of you celebrating - Shana Tova U'metuka.

Yours,

Jonathan Lavender
Head of Markets
KPMG Somekh Chaikin, Israel
jonathanlavender@kpmg.com



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01 Latest Transactions

Warner Music Acquires Israeli Content Publisher IMGN Media

IMGN Media builds and tracks viral social media content in categories like e-sports and gaming, ASMR and entertainment. Recording giant Warner Music Group plans to tap IMGN's technology for more insights into where people are going online and what they want to see, to better target its marketing efforts.

Israeli Car Sensor Startup VayaVision Acquired by Canada's LeddarTech

VayaVision develops a data processing system compatible with a variety of autonomous sensor systems, cameras, radars, and LiDAR. Through the integration of VayaVision technologies, LeddarTech aims to accelerate time-to-market and reduce customer development costs and risks.

VC Funding of Israeli Startups Accelerates During H1 2020

In the midst of the Covid-19 pandemic, Israeli startups raised \$5.2 billion in 312 deals in the first half of 2020, according to IVC research center, which tracks Israel's tech industry. The amount raised during this period by Israel startups represented a 40 percent increase over the first half of 2019, and the highest H1 figure for the last six years.





02 Focus Area

Proptech

"Google Analytics of the Physical World

is a Game Changer for Real Estate Companies"

Dan Gildoni, Co-Founder and CEO of the Israeli Proptech startup "Placense", explains how understanding the connection between peoples' behavior and physical locations can save real estate companies a fortune

For online businesses, every click made by a user opens up a treasure trove of data: where this user comes from, what content they read and how they found it, their gender, income level and MUCH more. But what about the offline world?

The key for understanding peoples' behavior in the real world through advanced technology lies in the old mantra "location, location, location," or in this case – 'location intelligence'. The Placense team has developed a data and analytics platform that uses advanced location intelligence technologies to connect between peoples' behavior and physical locations. In a nutshell, Placense collects data from millions of smart devices (through third-party apps) and turns it into anonymized real-time metrics and insights about customers visiting a specific location, empowering owners to realize their assets' full potential.

The unprecedented uncertainty in the wake of Covid-19 touches on the importance of using advanced data analytics in the commercial real estate (CRE) industry. In times of physical distancing and



// Our mission is to bring these capabilities offline, to the physical world of commercial real estate," says Dan Gildoni, Co-Founder and CEO of Placense, a buzzy, up-and-coming Proptech startup based in Tel Aviv. //

remote work, the ways in which people interact with the physical world has been altered, and people change their behavior within days. In addition, today more than ever, senior executives and CRE owners are faced with tough multi-million-dollar decisions like store closure vs. reopening, shifting business hours, relocation, or repurposing stores for different use. In practice, most of them still base these decisions on old methodologies like manual counting of customers, laser counters and outdated surveys.

Instead of Gut Feelings - Data

"When I asked the expansion manager of a big retail chain how they decide on where to open their next store, his answer was 'I've been in this business for 40 years so I trust my gut feelings'," says Gildoni. "Time and time again, we see leading retail chains close stores due to lack of data – they don't know what the right location to open stores is and where to find their current and potential customers. The data these companies use to make crucial, strategic decisions lacks depth, granularity and immediacy.

"Our platform provides real estate consultancies, mall owners and retail chains with real-time granular metrics and statistical insights about customers that up to now was the sole property of the online world.

"Users type an address and instantly receive a wealth of valuable real-world metrics about their customers: which stores they visited, how they arrived there, how often they come back, for how long they park, their gender, age groups, interests and so on. This data captures the diversity of visitors, interests and trends over the past 12 months, getting down to 2 hours granularity."



The Placense dashboard can also compare different properties: “One of our customers runs a big shopping mall outside of Berlin that was up for sale or repurposing. They asked us to provide them with all the data on this property and also about another shopping center (mall?) located 15km from there, to detect if they share the same customer group and avoid cannibalization., We received real-time information as well as historical data on both locations and the managers could make well-informed decisions.”

The Last Industry to Go Digital

Location-based services is a strong subsector within the ever-growing sphere of Property Technology (Proptech). The real estate and construction industry is one of the last to undergo a technological overhaul, but over the past few years their engagement with digital solutions is constantly growing. From innovative construction technologies to marketing, financing and insurance solutions, it has emerged over the past few years as one of the most exciting and fastest growing areas of technology. Inevitably, there’s an astounding increase in investments and the number of new companies entering this space.

The growth in startups and investments in the Israeli PropTech ecosystem echoes the global one and has become a ‘hot potato’ in the local startup industry. The number of Israeli companies in this field has more than doubled in the last five years, with over 120 active Proptech companies in various stages.

Not Taking The Easy Path

Founded in 2018, Placense currently works mainly in the European market, with a special focus on Germany. The German market was chosen as their starting point due to its strict data privacy rules and regulations. “We’re not taking the easy path, that’s for sure. We took upon ourselves to not only comply with GDPR, but to be innovative trendsetters in this field. And if we succeed in Germany, it means we can succeed everywhere”.

“We developed proprietary mathematical algorithms to make sure any data we handle or share is totally private. This ‘contextual privacy’ algorithm ‘sanitizes’ the data by randomizing large parts, and disconnecting the link between the data and the people behind it. You get to know people, but not individuals. At the same time, though, there’s no compromise on statistical precision accuracy.”

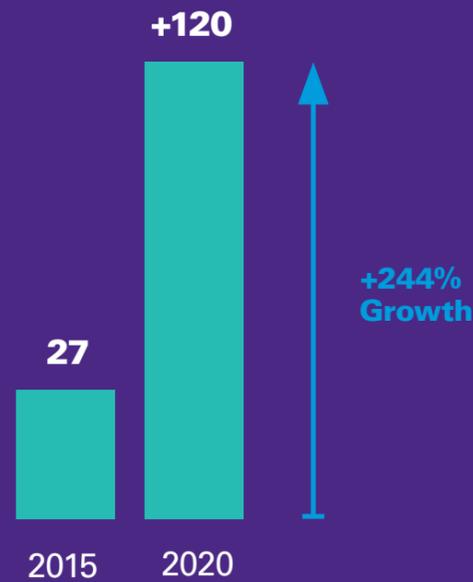
Gildoni believes Israeli Proptech startups will play a central role in the digital transformation process of real estate companies worldwide. “Israeli startups have the unique ability to adjust ‘deep technologies’ to other industries and generate deep insights and data-rich platforms. Our offices are currently located at the WeWork Proptech labs in Tel Aviv, I believe that says it all.”

“Time and time again, we see leading retail chains close stores due to lack of data. They don’t know what the right location to open stores is and where to find customers”

03

The Israeli Proptech Ecosystem

Active Startups



\$1 Billion

Investments in Israeli Proptech Startups during the last decade

Before 2015

30\$ Million

2015-2019

900\$ Million

+3,000 %Growth



Prominent Proptech Subsectors:

- Construction
- Management & Maintenance
- Finance & Investment
- Marketing Solutions
- Marketplaces
- Location Based Services

03

Israeli Innovation

Israeli Students Create Honey with No Bees

Just like most parts of the world, “the land of milk and honey” is at risk of running out of the popular sweet bee nectar within a few years. The reason: a sharp decline in bee populations worldwide (aka Colony Collapse Disorder, CCD). A group of 12 students from the Technion Israel Institute of Technology took upon themselves to turn things around and create a sustainable alternative.

For more than a year they’ve been hard at work creating honey in a lab with zero bees involved. This synthetic honey is produced by the bacterium *Bacillus subtilis*, which “learns” to produce the honey following reprogramming in the lab. *Bacillus subtilis* is found in soil and vegetation and is also present in the gastrointestinal tracts of humans.

This bee-free vegan honey can open a whole new field of honey manufacturing without harming any bees, and can be used both in food and medicine applications.

The team took genes from the enzymes that bees use to create honey and inserted them into the bacteria. From there, the bacteria can independently control the production of enzymes by mimicking the process that goes on in bees’ stomachs, eventually achieving a product with the same sugar profile as real honey, and the same health benefits. The manufacturer can also tweak it to boost the levels of antioxidants or reduce the amount of sugar.

The team’s hard work led to sweet results: a few months ago the busy bees won a gold medal in a prestigious, international iGEM science competition run by MIT in Boston.

<https://2019.igem.org/Team:Technion-Israel>



04 Cultural Bite

Get a Taste of the Israeli Wine Scene – from Afar

Nothing beats sipping glorious wine against the backdrop of beautiful local landscapes. But while Israel remains off-limits for most people, novices and oenophiles alike get a chance to explore Israeli wine from afar.

The Israeli Wine Producers Association (IWPA) has teamed-up with kosherwine.com (the largest kosher wine e-commerce retailer) for a series of free live-streamed wine events. The series includes boutique winery tours, wine tastings, meetings with local wine experts, talks on grape varieties, fermentation and blending wines.

Viewers in the US can ALSO purchase Sampler Sets from each winery at a discount price to taste along with the experts or enjoy later. Participants are also encouraged to submit questions for the expert prior to the sessions.

<https://www.kosherwine.com/experiences>
