



Dear Friends,

We are delighted to bring you the third edition of Doing Business in Israel of 2021, as we look forward to a post-Covid era. During recent months, restrictions around the globe have been gradually lifted, quarantines slowly turned into faint memories, and economies have been shaking off the dust. But even as the plague subsides, some of its effects are here to stay.

Take, for example, telemedicine. What was once considered a niche is now an entire ecosystem of its own, with patients being diagnosed and treated in the comfort of their living rooms. AI and big-data insights transform the ways medical decisions are being made, while bio convergence blazes a trail to future treatments.

The digital health revolution is well on its way. And with the pandemic partially at bay, this felt like an ideal point in time to analyze the ways Covid-19 is changing Healthcare for the long run. Therefore, we dedicate this edition of Doing Business in Israel to the local Health Tech sector and the novel ideas that will soon change how we stay healthy.

Israeli Health Tech features more than 500 active startups, the second-largest hub in the world. They operate across a vast span of sub-sectors – ranging from locating

alternative means of funds for patients through medical augmented reality devices and all the way to tissue engineering and nanorobotics. Israeli companies work in a unique environment, backed by more than 25 years of digital data records. In addition, the government supports local incubators, and healthcare providers constantly embrace innovation. To get a better grasp of this Israeli wonder, we reached out to four accomplished early-stage VC founders: Dr. Irit Yaniv and Amir Blatt of Almeda Ventures, Talor Sax of eHealth Ventures, and Assaf Barnea of Sanara Ventures.

In addition, we reviewed new and significant Israeli business deals. It's been busy. With the largest funding round ever seen in Israeli history and a local company doubling in value to more than \$2 billion, we can hardly wait for Q3! Don't forget to check our innovation and cultural bite segments. Read all about the latest groundbreaking Israeli research on unlocking the brain's hunger mechanism and conversely, how the Israeli cheese scene is hotter than fondue right now.

Wishing you a pleasant read and an enjoyable summer!

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June Edition

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01 Latest Transactions

The Largest Funding Round in Israeli History: Trax Raises \$640 Million

Augmented reality app Trax is transforming the shopping and sales experience in the retail world. Using artificial intelligence, machine vision and big data capabilities, Trax provides retailers and brands with invaluable insights into inventory management and product presentation in supermarkets. The company's unique innovation, tagged as the driving force behind the store of the future, raised \$640 million (Round E) at a value estimated at \$2.25 billion. Trax is currently active in over 50 countries, with several plans in store for further global expansion.

Redis Labs Doubles in Value to \$2 Billion

A mere eight months since its last \$100 million funding round, Israeli company Redis Labs is raising a similar amount (Round G) and doubling its value to over \$2 billion. Developing fast database management for a wide variety of applications, Redis Labs aims to significantly improve user experience and responsiveness in the online world. Already rumored to be on its way to an IPO, Redis Labs' recent investment round was led by Tiger Global in collaboration with Softbank and TCV.

Israeli Vim Raises \$60 Million to Improve the U.S. Healthcare Experience

Israeli startup Vim announced the completion of an impressive \$60 million (Round B) of funding, led by the world's largest pharmacy chain, Walgreens, together with insurance giant Anthem, and U.S. insurance company Optum Ventures. Creating seamless integration between medical systems and insurance companies, Vim enables providers to significantly improve the overall healthcare experience, while reducing costs.

Jamf Acquires Israeli Cyber Startup Wandera to Boost Protection of its Services

U.S. based company Jamf, provider of global remote management services for Apple devices, has acquired Wandera for \$400 million. Wandera, an Israeli cyber startup, will integrate its advanced security capabilities into Jamf's system to offer new security options to users.





02 Focus Area

Health-Tech

"There is a Major Shift in Health Tech.
It's Not Going Away."

With more than 500 Health Tech startups and an increasing flow of funds, Israeli companies are ready to take their cutting-edge ideas to the next level. **Four founders of Israeli-based early-stage VCs analyze the country's unique healthcare market** and explain how it constantly generates innovation

During the Covid-19 pandemic, Pfizer chose Israel as a proving ground of its Sars-Cov-2 vaccine. The American Pharmaceutical giant was

betting on the country's world-class HMOs and fully digitized healthcare system to effectively deploy the vaccine and provide the world with

real-time data. That bet paid off handsomely, with Israel fending off the virus almost entirely. Right about then, Forbes ranked America's 50 most promising AI startups for 2021. Israelis founded four of them, half of which operate in the Health Tech sector. The year before, no less than 12 Israeli founders made their way onto the coveted list.

This is no coincidence.

Boasting over 500 active startups, Israel is considered one of the largest digital health innovation hubs globally, second only to the US. But, with a population of less than 10 million, the question is – just how does Israel do it? We reached out to four prominent founders of Health Tech VCs and incubators based in Israel, looking for answers.

"Local HMOs serve as both insurers and providers of healthcare within the community," explains **Talor Sax, CEO and founding partner of eHealth Ventures**. "They operate under strict regulation, forcing them to compete and constantly pursue a qualitative edge. In these circumstances, technology and innovation are the perfect means to gain the upper hand. Combined with Israel's entrepreneurial culture and its advanced capabilities, these conditions pave the way to success."

"Israeli healthcare systems hold digital data sets spanning back to the late '80s," adds **Assaf Barnea, founder and CEO of Sanara Ventures**. "That's remarkable. Without data, there are no AI insights. The rest of the world is only now starting to close this gap. Also, Israel is a powerhouse in numerous sub-sectors, spreading from digital health to bio convergence."

Surprisingly, lockdowns and quarantines amidst the Covid pandemic gave the industry an unexpected boost. "In a way, Covid-19 helped to showcase Israeli capabilities across the entire health tech ecosystem," argues **Dr. Irit Yaniv, founder and CEO of Almeda Ventures**. "Solutions were deployed rapidly, sometimes within weeks. For example, telemedicine would have matured eventually, but the pandemic sped things up. Suddenly, patients were reluctant to visit clinics, doctors embraced remote technologies, and insurers were willing to cover the costs. This is a major shift. We're monitoring it, and we believe it's not going away."

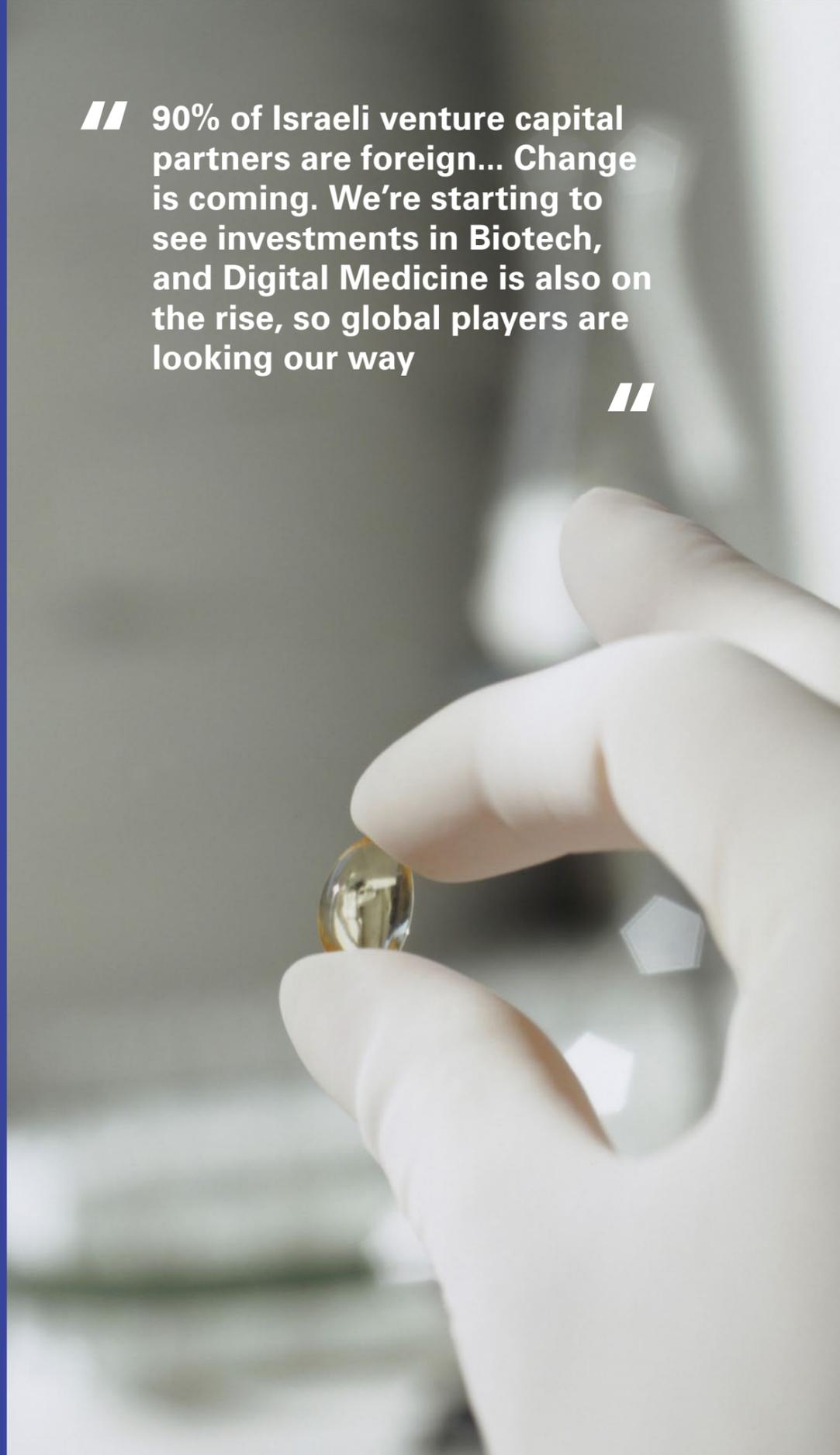
These changes are inevitably grabbing investors' attention. "It's a young and vibrant market on its way to maturity," says **Amir Blatt, founder and Investment Manager of Almeda Ventures**. "In recent years, we've seen companies starting to generate revenue, and investors are following the trend."

Early-stage investments in the sector are typically made by angels and private investors. There's also government support in the form of grants and subsidized incubators. VCs join the party at seed or A rounds and onwards, while institutional investors tend to fund A or B rounds and onwards, with Israel's innovation authority willing to cover up to 40% of their loss. "There's also foreign money," says Blatt, "but they tend to invest in more mature companies when there are good signs of commercialization."

"90% of Israeli venture capital partners are foreign," states Barnea. "Change is coming. We're starting to see investments in Biotech, and Digital Medicine is also on

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All four VC founders have an impressive track record. Dr. Yaniv headed medical device companies and served as chairperson and board member in several of Accelmed’s portfolio companies. She joined forces with Blatt, a seasoned expert in medical technology, to create Almeda Ventures. They went public in 2020, raising \$20 million on the TLV stock market. Since then, they have invested in six startups in the Health Tech sector, and a seventh is on its way. Last March, Almeda led a \$36 million investment (C round) in Augmedics, which develops medical augmented reality devices.

“Our strategy is to seek out digital health companies with a commercial proof of concept in the US,” explains Blatt, “Be it ongoing sales or a successful pilot. With roughly one-third of the global health market, ultimately the US is our primary goal. As for medical device companies, we like to see sales or startups using funds to finance FDA trials.”

High risk and high reward

In addition to his role in Sanara Ventures, Assaf Barnea chairs the Life Science Advisory Board at The Israeli Export Institute. He also advises the World Bank’s IFC venture capital team. In addition, he played professional basketball for 14 years, some of them as a college basketball player at New Jersey’s Seton Hall University, where he won the Big East championship against Georgetown.

“I got three degrees during my basketball career,” he remembers. “I felt I had to. Then I stepped into the world of venture capitalism, at first as a medical entrepreneur...and never left.” Backed by Philips Healthcare and Teva Pharmaceuticals, he founded Sanara in 2015. The VC runs \$60 million, with 17 startups in its portfolio.

“Our companies are evolving,” Barnea says. “For instance, TailorMed helps patients find alternative financing sources for treatments. They just raised \$20 million from investors like Providence Ventures and Citibank and went on to sell across the US. We try to focus on potentially synergetic startups to our partners and look for deep technical know-how that will be hard for competitors to copy. High risk and high reward – that’s the name of the game.”

A universal market

Sax has vast experience in Med Tech, dating back to 2000 when he worked for an Israeli HMO. His international career includes business & product development, and he is a member of the Israeli Export Institute’s public management. Sax founded eHealth Ventures in 2015 with partners like Amgen and Maccabi Health Services. With 14 startups in its portfolio, it’s now raising \$30 million.

Sax is interested in companies that address clinical issues rather than systemic ones. “People have similar illnesses everywhere, so clinical issues potentially have a universal market. We also value remote use, preferably in the patient’s home, because telemedicine is going places. For example, DermaDetect saves you trips to the dermatologist using an app that takes pictures of your skin. They are now raising \$7 million. Or TikTalk. They administer speech therapy for children through mobile devices. The patient downloads the app and engages in special games with a voice-operated interface. They are already selling locally and abroad.”

All four VC founders agree: The health industry is going digital, fast. This train has left the station. With its unmatched healthcare system, an insatiable appetite for innovation, and a unique set of skills - Israel finds itself in a remarkable position to capitalize.



Talor Sax



Assaf Barnea



Amir Blatt



Dr. Irit Yaniv



03 Health Technology Market in Israel

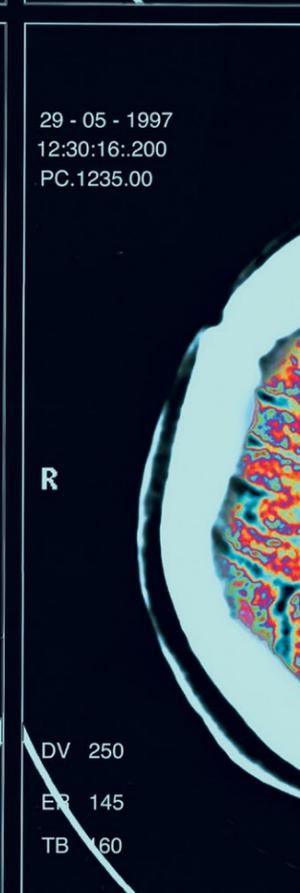
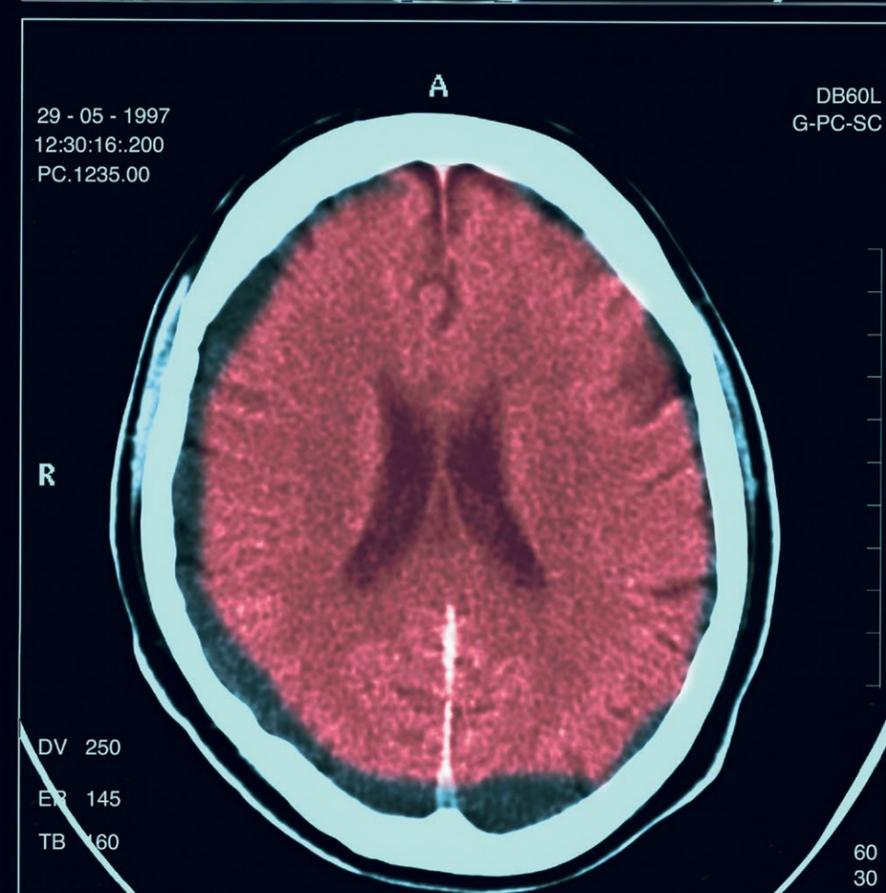
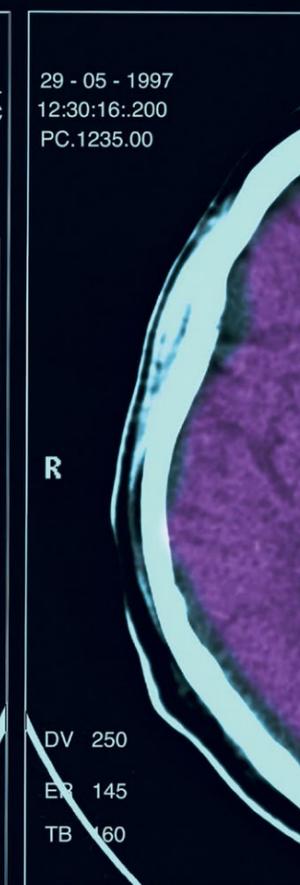
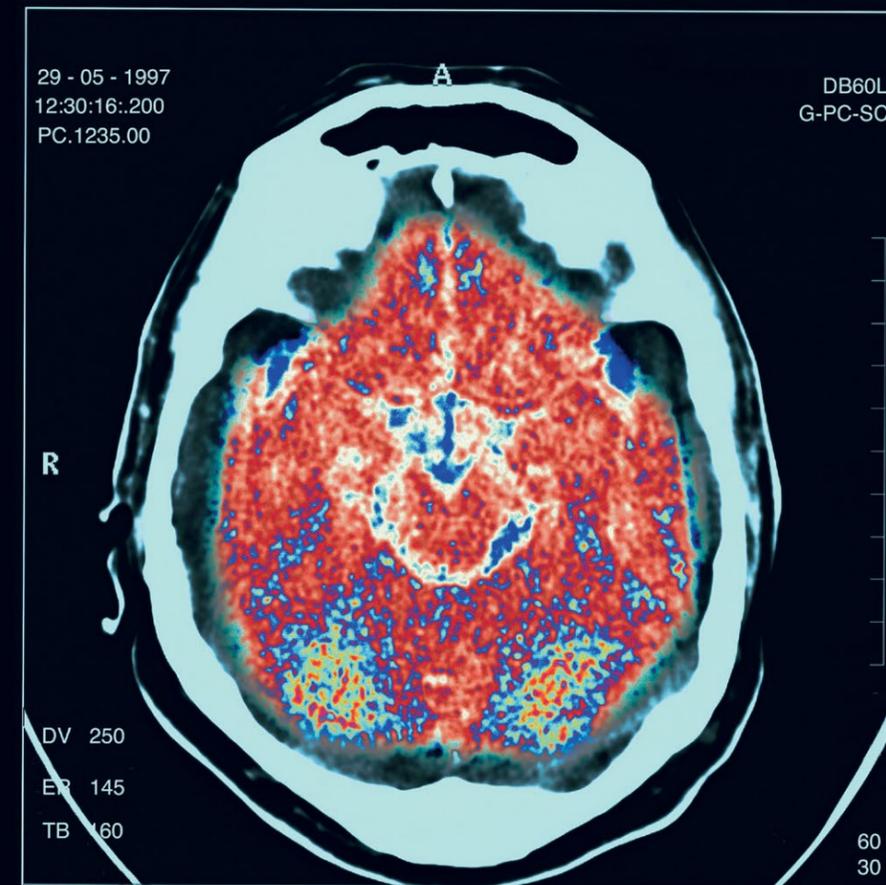
25 year-old digital health databases

500+ Companies currently active

\$6.2 Billion healthcare technology market

#6 in the World Index of Healthcare Innovation





04 Israeli Innovation

Israeli Research Uncovers the Human Brain's "Hunger Switch"

“Eat endlessly but stay hungry.” This is the harsh reality of those unlucky enough to be born with a genetic defect in the brain’s appetite control mechanism, not to mention the endless emotional, psychological, and physical challenges that obesity can cause. And then... there’s the rest of us, who may simply keep on eating for no medical reason.

In a study published in Science Magazine, scientists from the Hebrew University in Jerusalem and the Weizmann Institute of Science, in collaboration with scientists from Queen Mary University in London, deciphered the action mechanism of the main switch responsible for hunger and satiety in the brain – now known as melanocortin 4, or MC4.

Safer, more efficient anti-obesity drugs

The current study began following the plight of an Israeli family more than seven of whose members suffer from constant hunger and extreme obesity.

The new findings, the researchers believe, will help shed light on the control mechanisms of the body’s hunger and satiety processes. The fact that the MC4 receptor controls them, makes it a major research target to reduce the obesity epidemic of the current century.

In addition, the scientists identified several structural features that differentiate between MC4 and similar receptors from the same family. This detection will make it possible to develop more targeted drugs designed to bind uniquely to MC4 without activating other receptors and causing side effects. The new research will help promote the development of improved, safer anti-obesity drugs.



05 Cultural Bite

The Galilee region is one of Israel's most captivating districts. Draped in green and abundant in water, its breathtaking beauty is rivaled only by its rich history. And if that wasn't enough reason to plan a trip to Israel's luscious north – the up-and-coming vibrant local cheese scene most certainly is. Bursting with creativity, it truly gives meaning to Israel's reputation as "the land of milk and honey".

When visiting local dairies in the area, you can expect to taste a smorgasbord of decadent, fragrant cheeses, sip on the very finest of local wine, experience the tantalizing delights of fresh seasonal fruits, and even sample homemade sourdough bread. You may even be able to tour some of the dairies to learn about their production methods and cheese-making history.

A visit to the Elbrus Dairy, in the Circassian village of Kfar Kama, for example, will give you an exclusive glimpse into the community's unique culture and the village's ancient cheese recipe. At the secluded Rum Farm, you'll have your pick of various organic cheeses and even be able to take part in goat grazing experiences. Finally, the Meiri Dairy in Zefat boasts a seasoned cheese-making tradition of over 170 years, operating in one of Israel's most enchanting, culturally rich cities. In short, when it comes to the Galilee, the area is rich with promise, land, and undeniably... cheese.