

**Israel Innovation Authority**

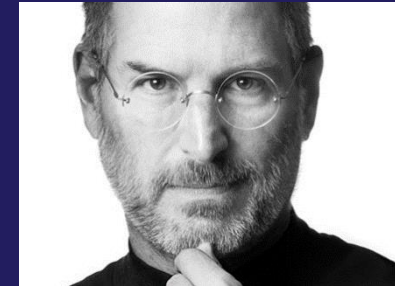


**Building Ecosystem - Startup Division**

**Salit Lev, Industry Relations Manager  
Start-Up Division**



## ➤ Israeli innovation – On the winners podium 2016



Innovation  
distinguishes  
between a  
leader and a  
follower.

Steve Jobs

# ➤ Why do governments support R&D?

➤ R&D suffers from inherent market failures

➤ Spillover

➤ Risk / Uncertainty

- Market failure is a condition for support
- The economy benefits also from failing firms

# ➤ Application, assessment and payment process

Filling online application



Technological assessment of the R&D project and its presentation to the research committee



Committee's decision regarding:

- Approval / rejection of R&D project
- Approval of budget and rate of support
- Setting milestones



Payment transfer to the firm

- Immediate transfer of advance payment
- Continuous transfer of the rest of the grant upon reaching the project's milestones



Royalties payments upon sales



## ➤ Board

- Setting policy tools
- Supervision on the Israel Innovation Authority's efficient and proper conduct
- Approval of the administrative budget of the Israel Innovation Authority
- Setting or changing the directives of incentives programs
- Defining research committee's work procedures

Ministry of Finance



Ministry of Economy



Chief scientist



Public representatives



## Innovation divisions



Technological  
Infrastructure



Early  
Stage



Growth



Societal  
Challenges



Advanced  
Manufacturing



International  
Collaborations

➤ The different needs of Israeli hi-tech firms require different policies and tools

Research infrastructure, disruptive technologies and bridges between industry and academia

Maintaining a sufficient deal flow of tech startups and helping them reach fundable milestone

Helping tech firms grow in Israel

Supporting tech solutions to societal and public goals and focusing especially on inclusive growth and on improving the quality of services of the public sector

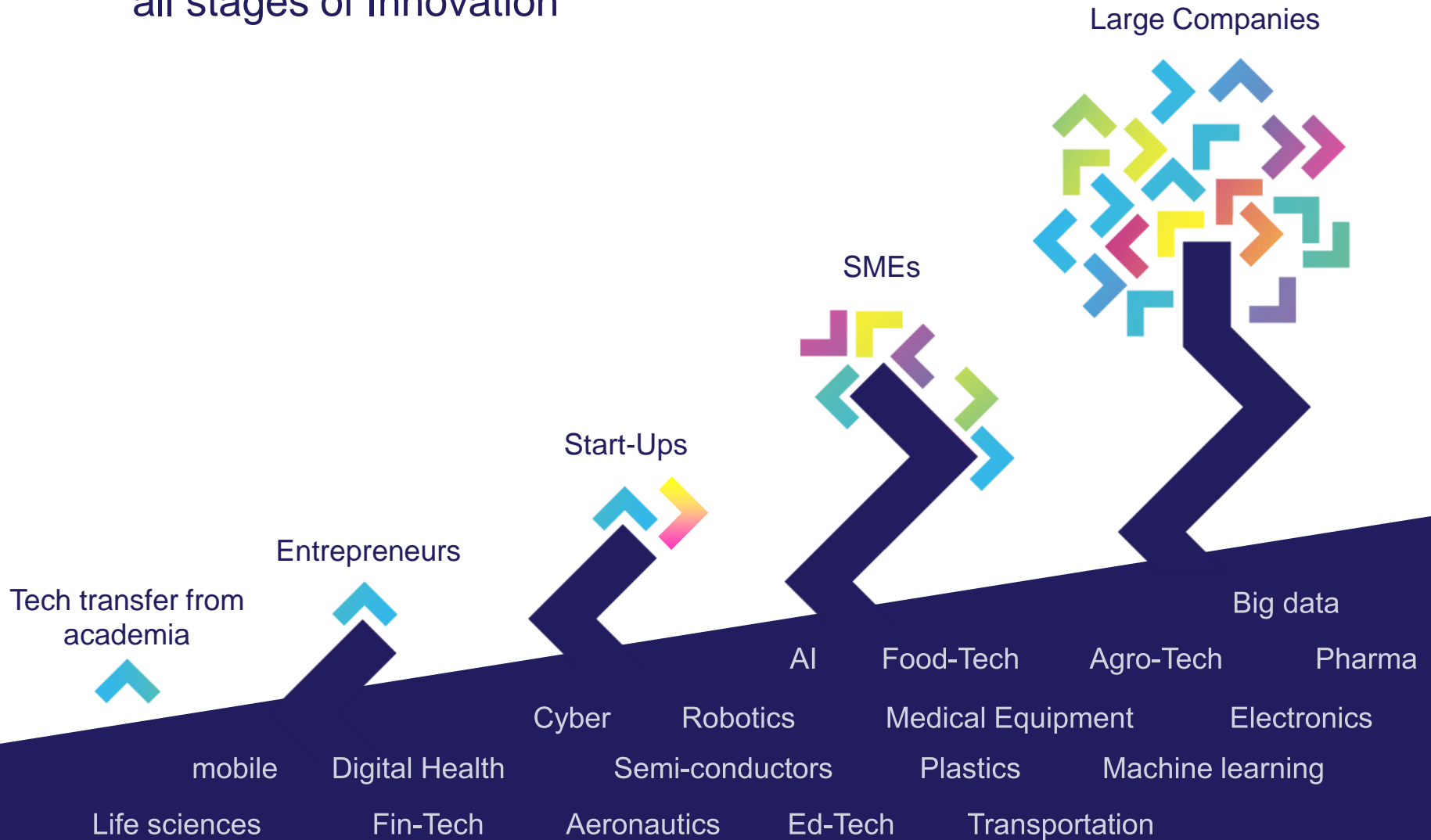
Pushing the manufacturing industries to a sustainable competitive path

Enabling Israeli technology industry to find its path in the global arena

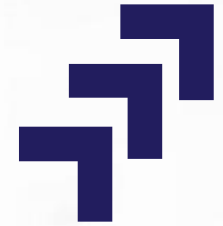


# ➤ The Israeli Innovation Authority

Funding all technologies and  
all stages of Innovation



## ➤ Startup Division



**Mission:** Maintain substantial quality startup deal flow by:

- Helping entrepreneurs and startups reach fundable milestone
- Mapping the ecosystem and developing supportive infrastructure

## Programs:

### For individual entrepreneur:

- Tnufa
- Academitech
- Innovation Visa
- Young entrepreneurship

### For Startups:

- Tech Incubators
- Early stage incentive program
- Innovation Labs





## TNUFA

Enable entrepreneurs to prove initial feasibility for innovative technological ideas.

**Government – private** : 85% - 15%, up to \$65,000

## Technological Incubators

Transform innovative technological ideas into viable start-up companies.

**Government - Incubator**: 85% - 15%, up to \$800K for 2 years

## Biotechnology Incubator

Lead Biotechnology start-ups toward clinical trial and fundable milestone.

**Government – Incubator**: 85% - 15% up to \$2.025M for 3 years

## Early Stage Fund

Enable companies to reach a Fundable Milestone for Series A investment

**Government – private** : 50% - 50%, up to ~\$2.5M

Arab and Orthodox : **Government - Private** : 85% - 15% of budget

## Innovation Visa

Support **foreign entrepreneurs** to develop technological initiatives in Israel

## ➤ Tnufa

Tnufa supports entrepreneurs in order to prove initial feasibility for innovative technological ideas

**Project Period:** 1-2 years

**Project budget:** up to ~\$60 Thousand

Government grant: 85% of budget

Private investment: 15% of budget

**Project Approval:** 120-150 per year

**Payback:** 3%-3.5% royalties from revenue

**Expenses:** Prototyping and proving technological feasibility, IP protection and initial business development

# ➤ Early Stage Fund

Early stage fund offers an approved seed company a funding commitment in order to complete their initial product and commence commercialization

**Project Period:** 1-2 years

**Company budget:** up to ~\$2.5 Million

Government grant: 50% of budget

Private investment: 50% of budget

**(May be raised after government approval)**

**Companies Approved:** 120-150 annual

**Payback:** 3%-3.5% royalties from revenue

**Expenses:** Mainly for Research & Development, up to 15% for Business Development & Marketing

# ➤ Technological Incubators

Technological incubators support start-up companies in order to transform innovative technological ideas in their early, high risk stages into viable start-up companies capable of raising money and operating on their own.

**Incubation Period:** 2 years

**Average budget:** ~\$600K for 2 years

**Government** grant: 85% of budget

**Incubator's** investment: 15% of budget

**Companies Approved:** 60-80 annual

**Extended Support:** Biomed and Clean-Tech projects (Increased budget, 3rd year)

Projects initiated in Peripheral Incubators (Increased budget)

**Payback:** 3%-3.5% royalties from revenue

# ➤ The Technological Incubator

**Average project budget:** ~\$400-800K for 2 years

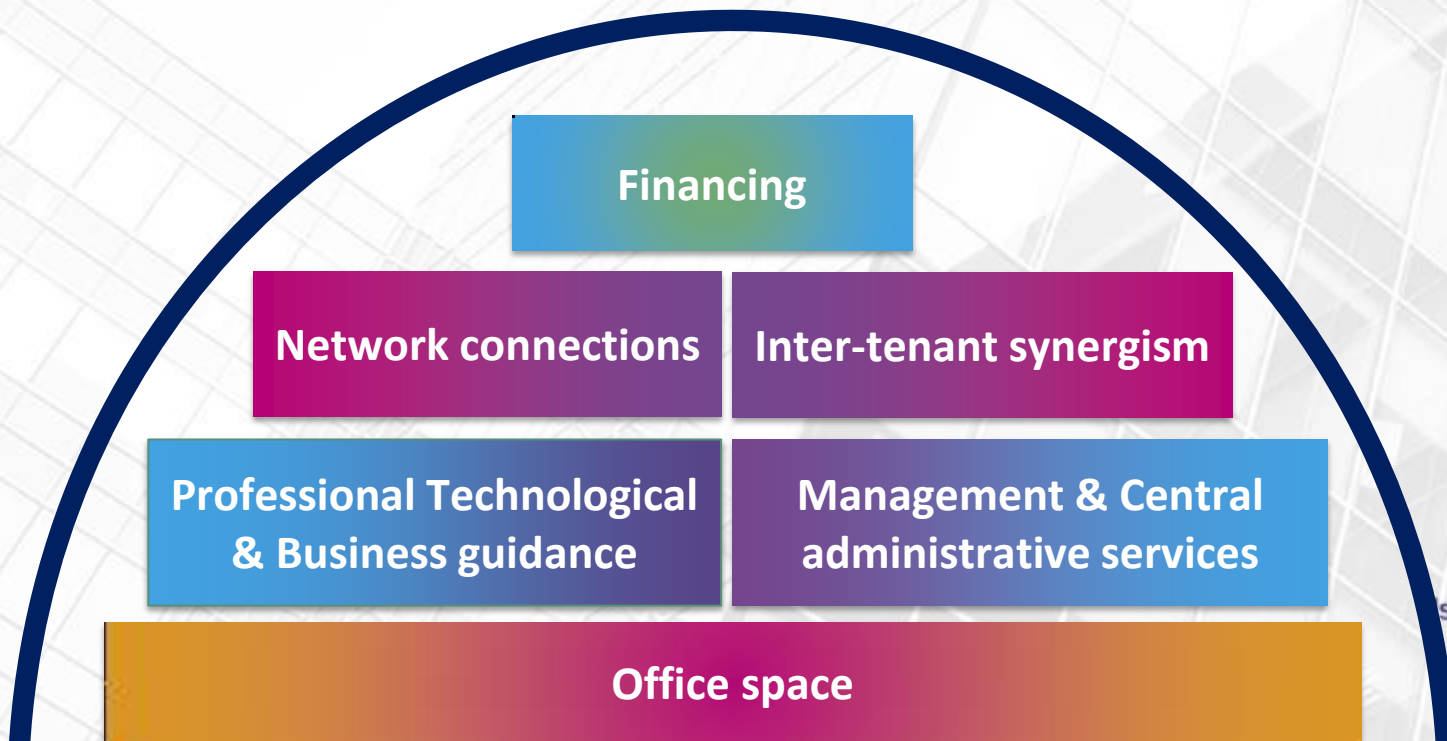
**Extended Support:**

Biomed and Clean-Tech projects (Increased budget, 3rd year)

Projects initiated in Peripheral Incubators (Increased budget)

**Payback:** 3%-3.5% royalties from revenue

**Incubator added-value:**



# Incubator Programs - Shareholders



Multinational companies bring our start-ups crucial development, business and clinical expertise

- 18 Technological Incubators
- 1 Biotechnological Incubator





# Bio-Technology Incubator

- **FutuRx** is owned by OrbiMed (Israel), J&J (USA) and Takeda (Japan)
- Selected to invest in BioPharma only
- Established January 2014
- Already invested in 9 companies with a considerable pipeline with IP from Israel and US





# Innovation Labs – New Program

- Innovation Lab is a structured platform for engagement between the Industry and entrepreneurs. The Lab will become a center of an innovation eco-system in the selected field.
- Innovation lab will be owned and operated by an Industry partner (or a consortia) and will provide start-ups technological structure and expertise, industry needs and joint POC development.
- Pilot of 5 Labs is in process
- Innovation Authority will fund up to 4 million NIS for building the lab infrastructure, 500K NIS for annual operation and 85% of POC budget (up to 1 million NIS)
- Tender offers due on June 6, 2017



# Innovation Visas – New Program

- Enable foreign entrepreneurs to develop their innovative technology project as an Israeli company, and receive a work permit visa.
- Entrepreneurs will be able to stay in Israel for a period of up to 24 months. During their stay they can receive support by the Tnufa Program to help develop their innovative idea.
- If the project turns into a company, a foreign entrepreneur can file a request to receive support from the Innovation Authority and after receiving approval, can receive an expert visa to work in the company for a period of up to 5 years.
- Foreign entrepreneur will be hosted within a Landing Pad which will offer exposure to Israel's Eco-System, work spaces, technological infrastructure, as well as business and logistical support.
- Pilot of 12 Landing Pads





Thank You

