

Startup NATION

Israel's tech boom is giving Silicon Valley a run for its money

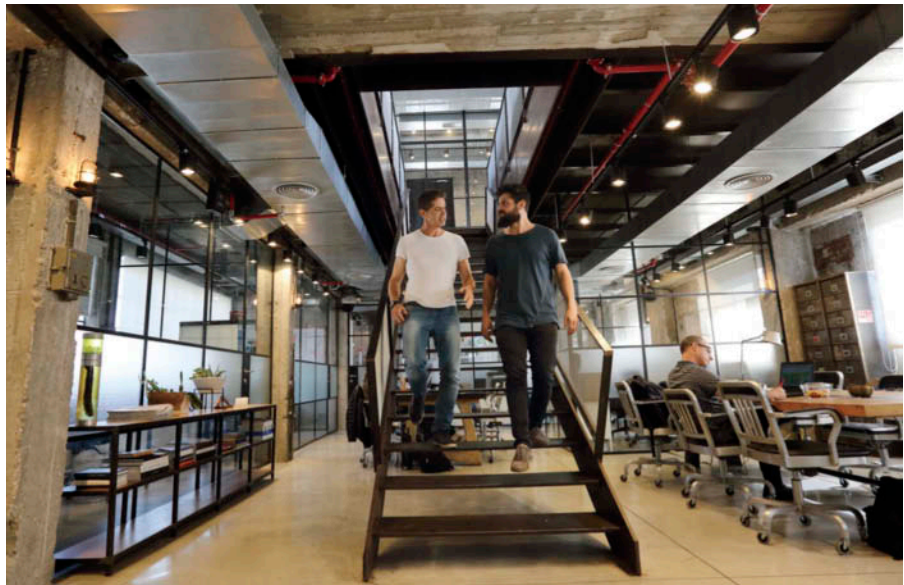
Text by KEITH GORDON

Everyone's familiar with Silicon Valley, but if you haven't heard of "Silicon Wadi," you will soon enough. Just as the San Francisco Bay area transformed itself into the epicenter of technological entrepreneurship, Israel (and especially Tel Aviv) has become an outsize player on the global stage, particularly in areas related to the military, cybersecurity, artificial intelligence, and big data—no small feat for a country the size of New Jersey, with a population just about equal to New York City's.

Israel has enthusiastically cultivated its up-and-coming business leaders and their enterprises, helping establish itself as the new hot spot for those wanting to create the next Google or Facebook. In recent years, it's given the tech world apps like Moovit, Fiverr, and Waze, and is primed to become an even bigger influencer on the international stage. "Israel has become a global focus of innovation over recent decades, with 7,000 startups and 1,400 net new startup companies joining each year," explains Uzi Scheffer. "All indexes show the leadership of Israeli innovation. We are third in the World Economic Forum Innovation index; first in the world in venture capital investments as a ratio of GDP; and first in the world in R&D investments as a ratio of GDP."

spirit: "Being a small country with limited natural resources and small market size led us to focus on innovation in order to constantly find new solutions and ways to develop our country," he says. There are also cultural influences that encourage such expertise. The vast majority of citizens serve in the Israel Defense Forces, which helps young Israelis to mature at an early age. Israel's military is not only technologically advanced, but also includes the elite 8200 signal intelligence unit, which has produced countless entrepreneurs, like Wix cofounder Avishai Abrahami. This secretive unit encourages a steady supply of world-class technical minds that have spent years solving complex problems under immense stress in life-or-death situations, a pressure cooker that produces the best tech entrepreneurs.

But Israel's success, made famous in Dan Senor and Saul Singer's best-selling book *Start-Up Nation*, goes beyond the armed forces. According to Scheffer, its progress can also be attributed to the nation's investment in the professional development of its youth at a very young age, in science departments at all universities, and in a solid foundation of research-focused technology. There are also government initiatives, such as the



Scheffer is the CEO of SOSA, an "open innovation platform" founded in 2014 by 25 of the leading Israeli high-tech investors and entrepreneurs. SOSA connects entrepreneurs and their startups with each other, as well as with global corporations and investors, creating a network through which a young entrepreneur can seek out advice from mentors, assistance from collaborators and fellow entrepreneurs, or investment from both large companies and individual investors. Now, working with some 8,500 startups and 150 multinational corporations and potential investors, SOSA is at the epicenter of Israel's technological revolution.

Scheffer cites Israel's history as a motivating factor for its entrepreneurial

spirit, which gave a boost to Israeli tech firms back in the 1990s, in addition to grants, tax plans, and the Innovation Authority, which is tasked with supporting the advancement of industrial research and development as well as facilitating conditions for startups and investors.

It took less than a century for Israel to develop its current status as a modern, prosperous country, tackling the challenges of starting a groundbreaking business empire as quickly as possible. "We are a land of immigrants," Scheffer says. "People who take more risks and are not afraid of failure, who do not give up and try time and time again." That's just the way it is with a startup nation.

From left: Uzi Scheffer, CEO of SOSA, an organization that works to support and encourage Israel's startup business community; SOSA's offices in Tel Aviv, the brick-and-mortar version of the company's platform of bringing together people and companies to help create the next successful Israeli startup.