



2020

**TEL AVIV INNOVATION ECOSYSTEM
REPORT: RESILIENCE & GROWTH**



INDEX

Tech Companies
Talent
Clusters
Investors
Capital Raised
Exits

REPORT HIGHLIGHTS

Tel Aviv's tech sector not only remained resilient during the global pandemic, but even outperformed itself by breaking records in capital raised, exits and number of companies. The Israeli tech sector witnessed similar trends.

The local tech ecosystem demonstrated increased levels of maturity with 14 new unicorns, a greater impact of scaleups, and a growing number of local and foreign investors.

Over two-thirds of investments were made by a diverse mix of international investors.

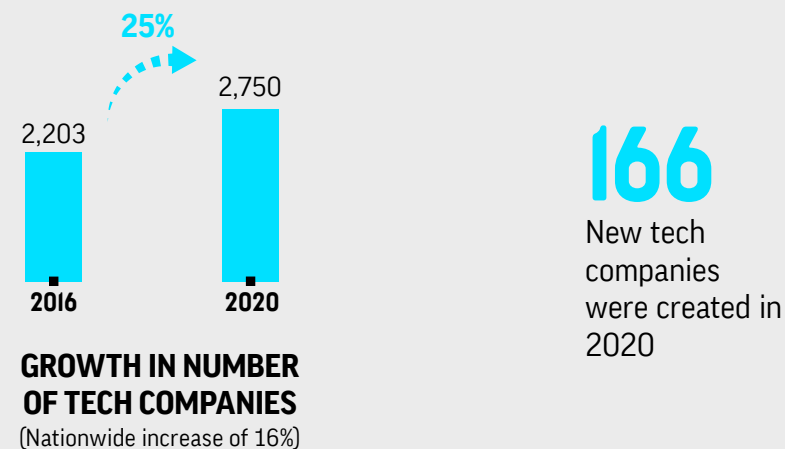
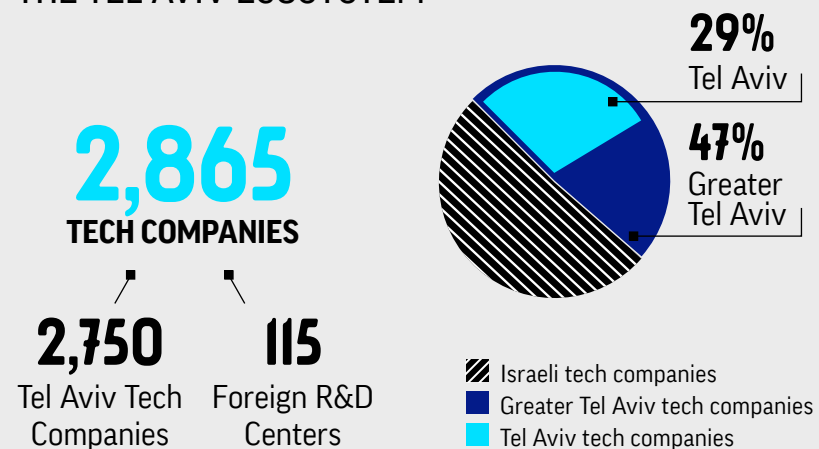
AI, Fintech, Big Data and SaaS are the leading clusters in number of companies, fundraising and exits, enhancing the evolution from a startup city to a deep tech capital.

Tel Aviv's talent accounted for 20% of tech employees in Israel and generated nearly half of Israel's capital raised and exits.

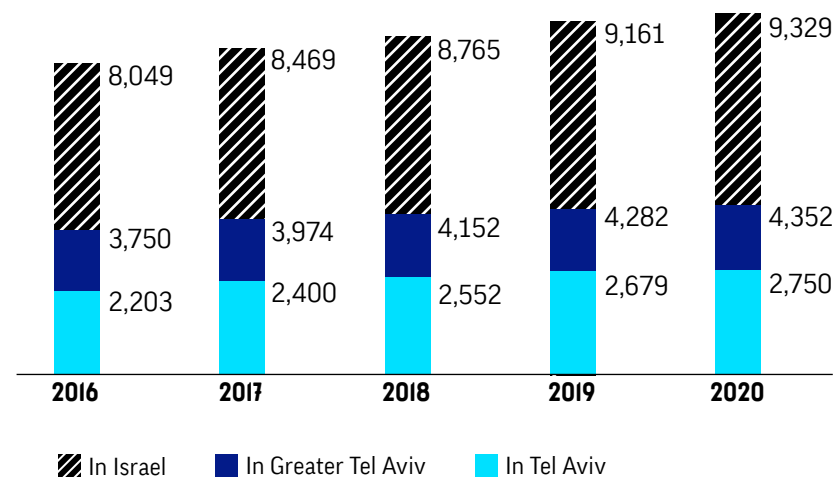
Multinational companies showed confidence in Tel Aviv's ecosystem and talent by opening 9 new foreign R&D centers during a year of lockdowns and restrictions on international movement.

TECH COMPANIES

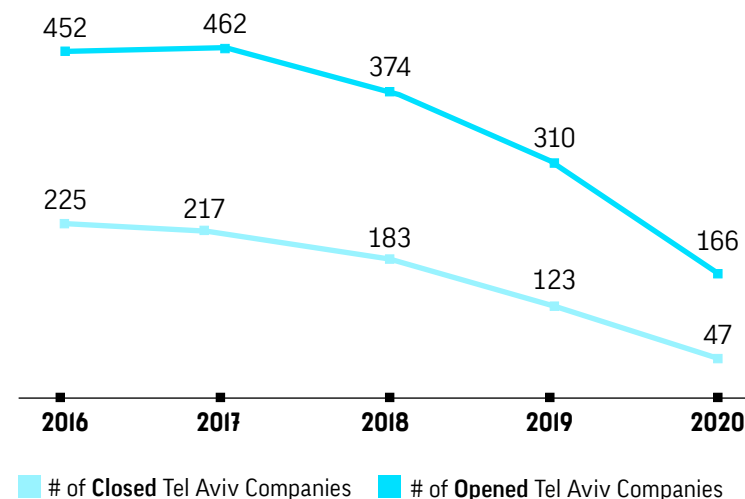
THE TEL AVIV ECOSYSTEM



Number Of Israeli Tech Companies

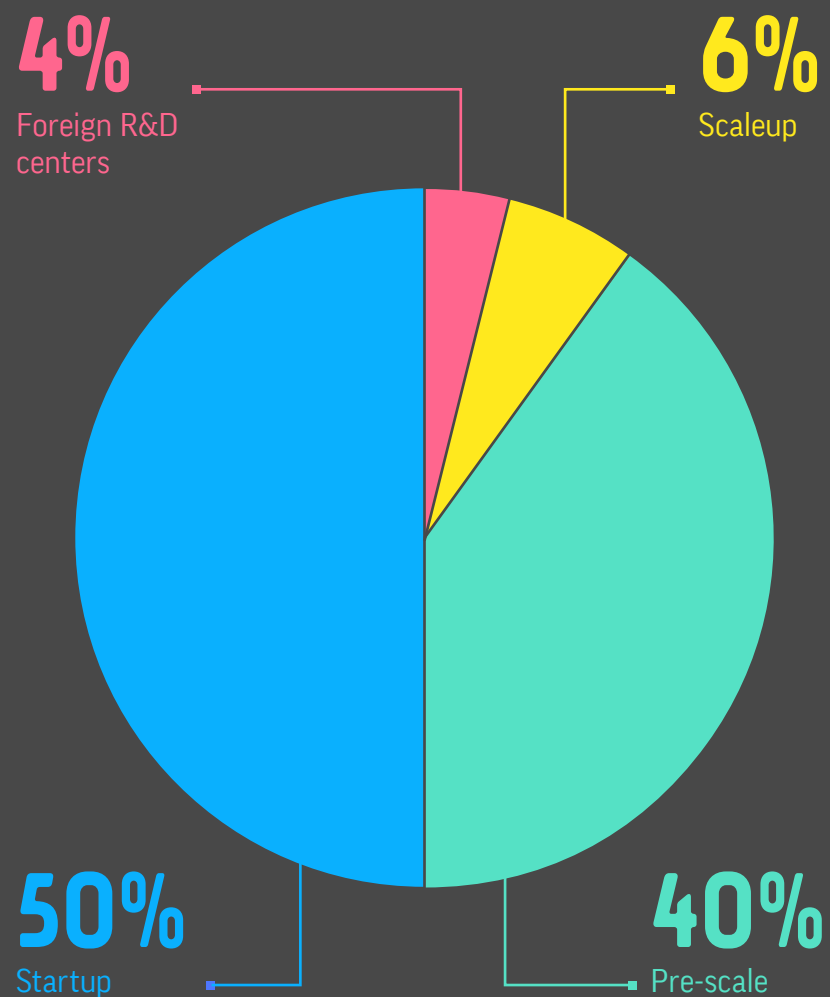


Tel Aviv Tech Companies: Opened vs. Closed



TECH COMPANIES

BREAKDOWN OF **2,865**
TECH COMPANIES IN TEL AVIV



NUMBER OF TEL AVIV
TECH COMPANIES BY STAGE



1,153
INITIAL
REVENUES



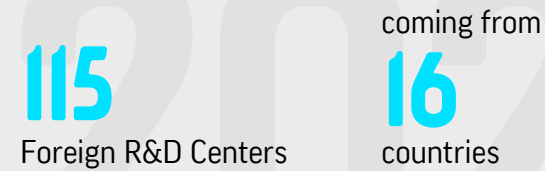
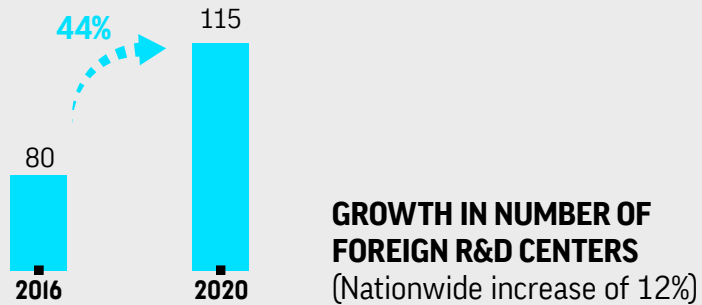
973
RESEARCH &
DEVELOPMENT



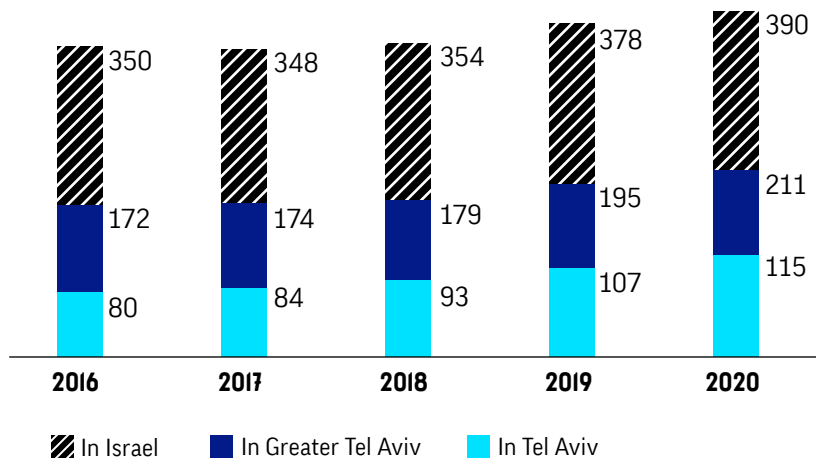
463
SEED

TECH COMPANIES

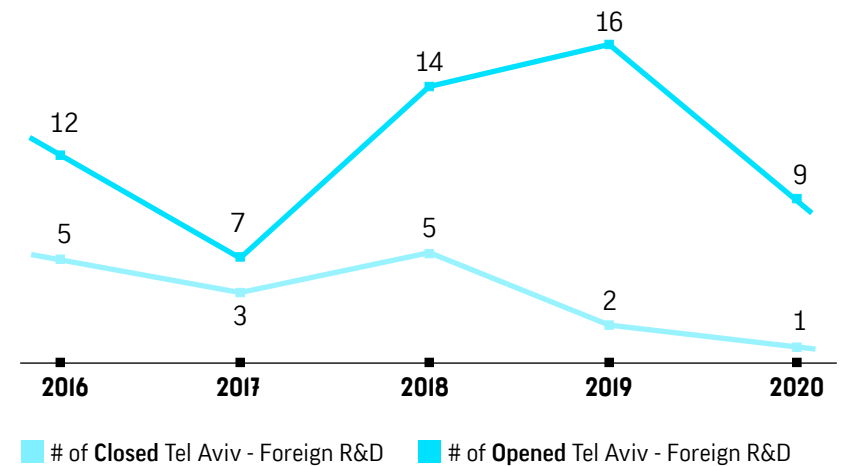
FOREIGN R&D CENTERS



Number of Foreign R&D Centers



Foreign R&D Centers: Opened vs. Closed



TECH COMPANIES

FOREIGN R&D CENTERS IN TEL AVIV



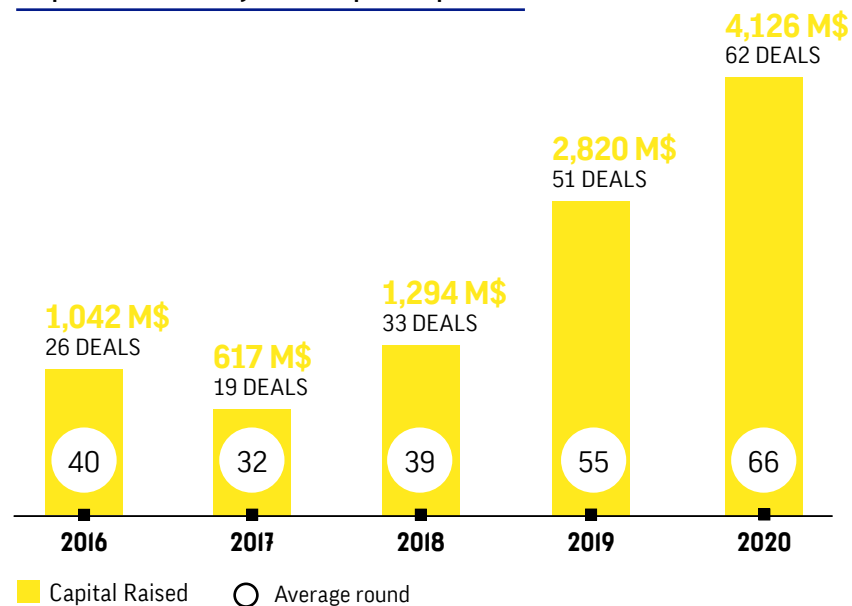
TECH COMPANIES

SCALEUP COMPANIES

SCALEUP COMPANIES IN TEL AVIV REPRESENT A CENTRAL PILLAR IN THE LOCAL ECOSYSTEM. HOME TO APPROXIMATELY HALF OF THE HUMAN CAPITAL EMPLOYED BY TECH COMPANIES IN THE CITY, SCALEUPS SECURED OVER HALF OF ALL INVESTMENTS IN TEL AVIV.

IN 2020, APPROXIMATELY 40% OF THE CITY'S SCALEUPS JOINTLY SECURED SOME \$4.126 BILLION - AT AN AVERAGE OF \$66 MILLION PER DEAL.

Capital Raised by Scaleup companies



161
Scaleup
companies

6%
Of Tel Aviv
tech companies

54%
Of Tel Aviv
tech talent

60%
Of total
capital raised



TECH COMPANIES

UNICORNS

2020 RECORD YEAR FOR THE EMERGENCE
OF UNICORN COMPANIES

14

new unicorns
were created

20

total Tel Aviv
based unicorns

33 BN \$

in accumulated
valuation

Tel Aviv Tech Unicorns by Valuation Year

1
2016

0
2017

3
2018

10
2019

14
2020

- A unicorn is a privately-held startup company valued at over \$1 billion, categorized according to the year of its \$1 billion valuation
- A unicorn will lose its status if its valuation decreases, if it is acquired or merges with another company

TEL AVIV BASED UNICORNS

Armis Security



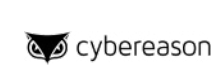
BigID



Cato Networks



Cybereason Labs



Forter



Fundbox



Gett



Infibond



IronSource



Monday.com



MoonActive



Rapyd Financial
Technologies



Redis Labs



REE Automotive



Riskified



Sentinel Labs



SimilarWeb



Snyk



Trax Solutions Retail

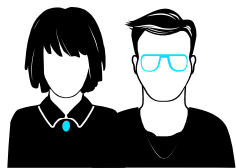


WalkMe



TALENT

EMPLOYEES IN TECH COMPANIES



434,978

Number of tech employees in Israel



135

Accelerators & incubators in Tel Aviv



65%

Tel Aviv residents proceed to higher education



87,480

Tel Aviv tech employees account for **20%** of tech employees in Israel

10,070
Startup

21,515
Prescale

46,985
Scaleup

8,910
Foreign R&D

■ In Tel Aviv ■ In Israel



TEL AVIV ENJOYS A HIGHLY EDUCATED AND SKILLED TALENT POOL WITH A “PAY IT FORWARD” CULTURE, IN WHICH SUCCESSFUL ENTREPRENEURS FREQUENTLY MENTOR AND SUPPORT THE YOUNGER GENERATION.





Courtesy of SOSA, a business networking company in Tel Aviv

CLUSTERS






FROM
STARTUP CITY



TO
DEEP TECH CAPITAL

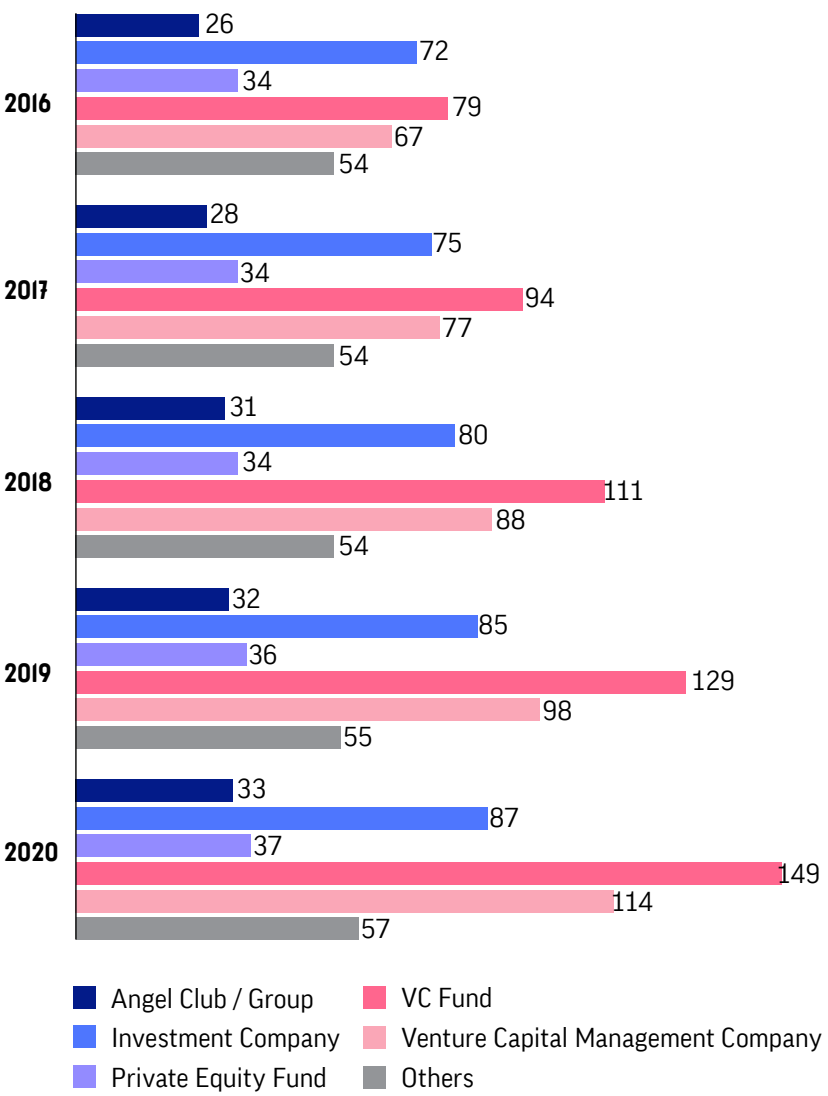
<div>1</div> <div>ARTIFICIAL INTELLIGENCE</div> <div>714 companies</div> <div>1,992 \$M exits value</div> <div>3,024 \$M capital raised</div> <div>159 capital raised in deals</div>	<div>2</div> <div>FINTECH</div> <div>291 companies</div> <div>872 \$M exits value</div> <div>1,068 \$M capital raised</div> <div>54 capital raised in deals</div>	<div>3</div> <div>BIG DATA</div> <div>235 companies</div> <div>854 \$M exits value</div> <div>1,175 \$M capital raised</div> <div>49 capital raised in deals</div>
<div>7</div> <div>ADTECH</div> <div>144 companies</div> <div>117 \$M exits value</div> <div>51 \$M capital raised</div> <div>9 capital raised in deals</div>	<div>8</div> <div>RETAILTECH</div> <div>125 companies</div> <div>24 \$M exits value</div> <div>409 \$M capital raised</div> <div>25 capital raised in deals</div>	

AI leads with number of companies, as well as the number and value of fundraising rounds. Cybersecurity leads with an average round of \$41M, followed by Big Data with an average round of \$24M

<div>4</div> <div>SAAS</div> <div>230 companies</div> <div>8 \$M exits value</div> <div>918 \$M capital raised</div> <div>62 capital raised in deals</div>	<div>5</div> <div>IOT</div> <div>191 companies</div> <div>3,150 \$M exits value</div> <div>1,193 \$M capital raised</div> <div>52 capital raised in deals</div>	<div>6</div> <div>CYBERSECURITY</div> <div>187 companies</div> <div>2,983 \$M exits value</div> <div>2,448 \$M capital raised</div> <div>59 capital raised in deals</div>
<div>9</div> <div>BLOCKCHAIN</div> <div>125 companies</div> <div>2 \$M exits value</div> <div>137 \$M capital raised</div> <div>10 capital raised in deals</div>	<div>10</div> <div>AUTOMOTIVE</div> <div>103 companies</div> <div>23 \$M exits value</div> <div>314 \$M capital raised</div> <div>20 capital raised in deals</div>	<div>* Clusters appear by number of companies</div> <div>* A company may be included in more than one cluster</div>

INVESTORS

TEL AVIV BASED INVESTORS



GROWTH BETWEEN 2016-2020

44%
in investors

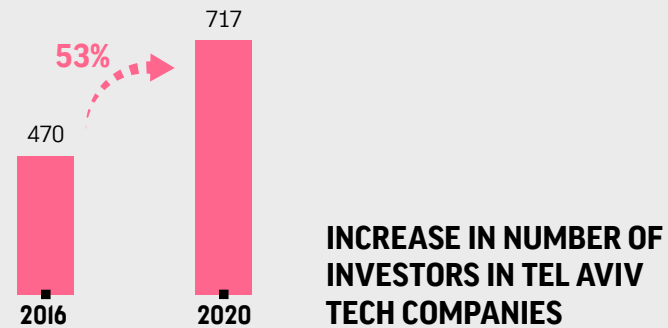
70%
in Venture Capital
Management Company

89%
in VC funds

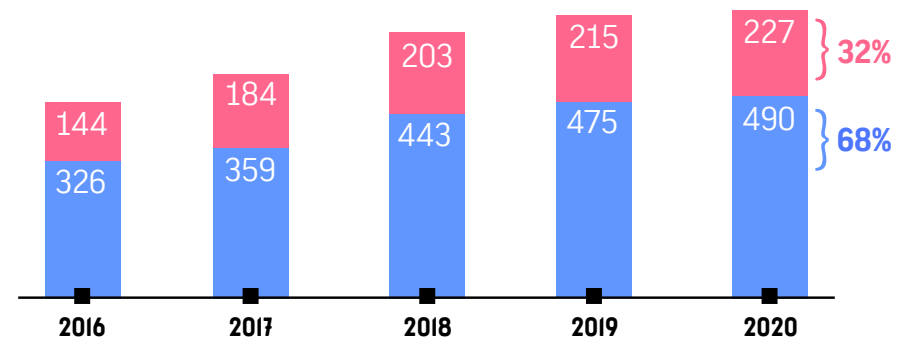


INVESTORS

FOREIGN & ISRAELI INVESTORS



Number Of Foreign vs Israeli Investors that Invested in Tel Aviv Companies



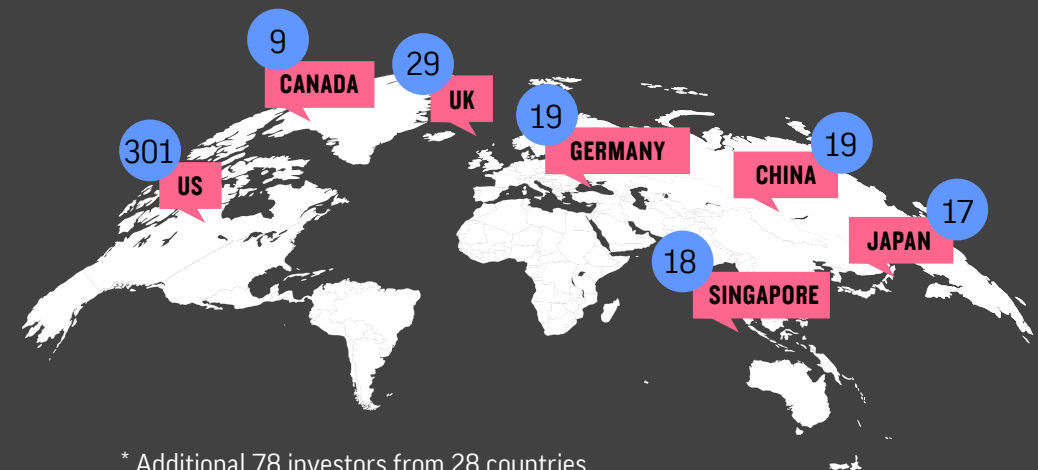
Foreign Investors Israeli Investors *Only straight equity deals included

INVESTORS IN TEL AVIV COMPANIES

68% of investors in Tel Aviv companies are foreign investors

coming from **35** countries

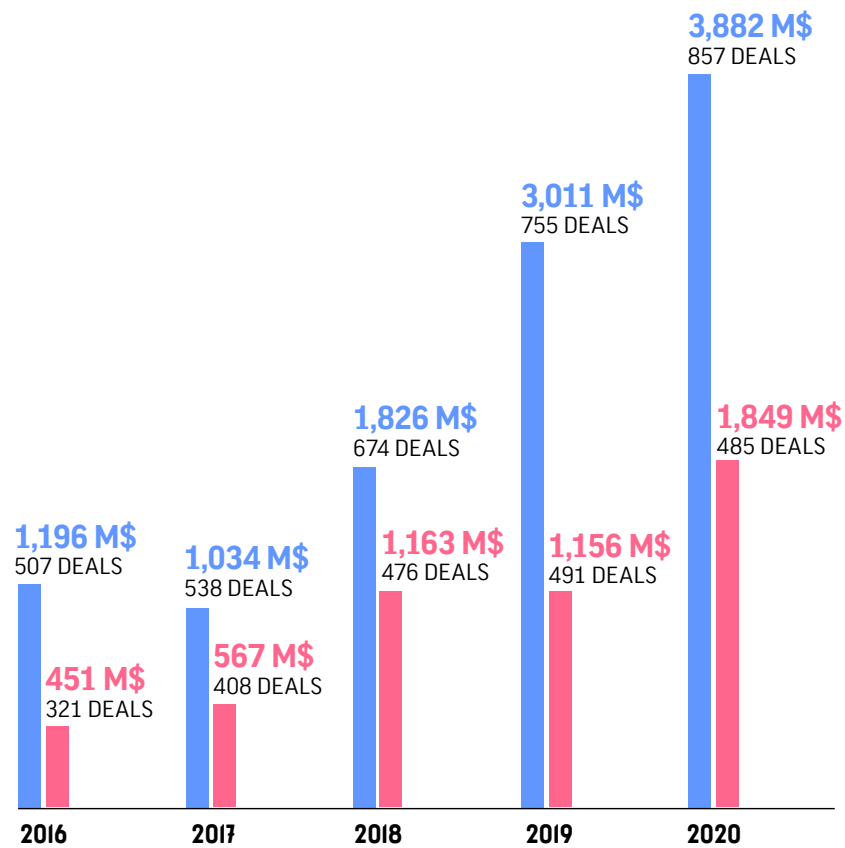
Number of Investors from Leading Regions



INVESTORS

FOREIGN & ISRAELI INVESTMENTS

Foreign vs Israeli Investments -
in Tel Aviv Tech Companies*



■ Foreign Investors ■ Israeli Investors *Only straight equity deals included

INVESTMENTS INCREASE BETWEEN 2016-2020

62%

In Tel Aviv
companies

69%

In foreign
investments

51%

In Israeli
investments

Courtesy of Panthera, Coworking space for women entrepreneurs in Tel Aviv

CAPITAL RAISED

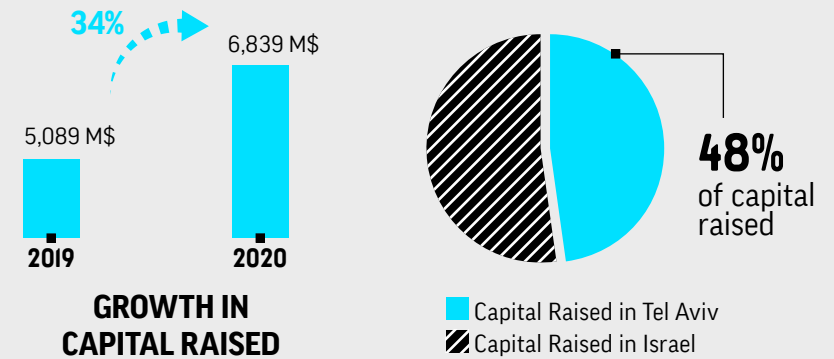
2020 RECORD YEAR IN CAPITAL RAISED

TOTAL CAPITAL RAISED

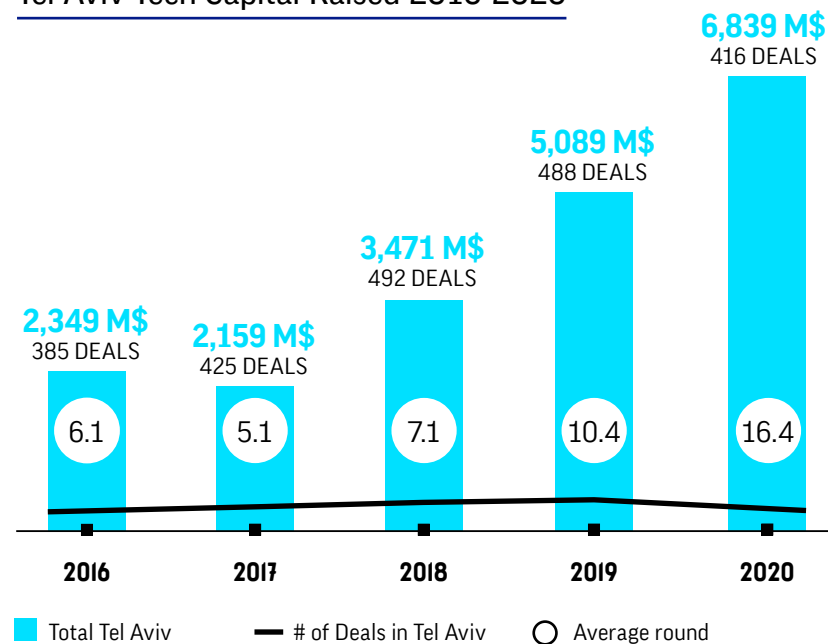
6,839 M\$

THE AVERAGE ROUND

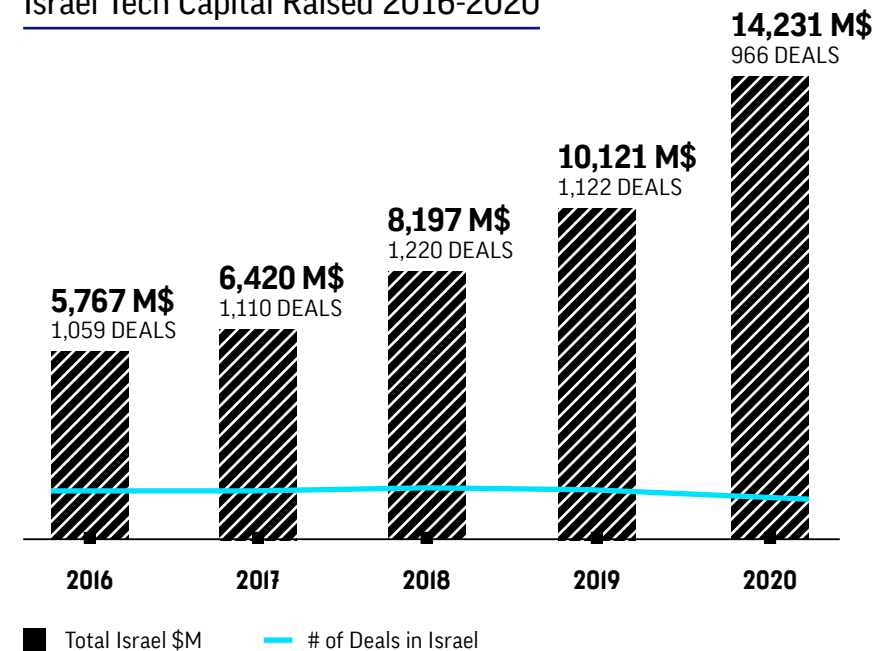
x3 IN 3 YEARS
2017-2020



Tel Aviv Tech Capital Raised 2016-2020



Israel Tech Capital Raised 2016-2020



CAPITAL RAISED

CAPITAL RAISED BY STAGE



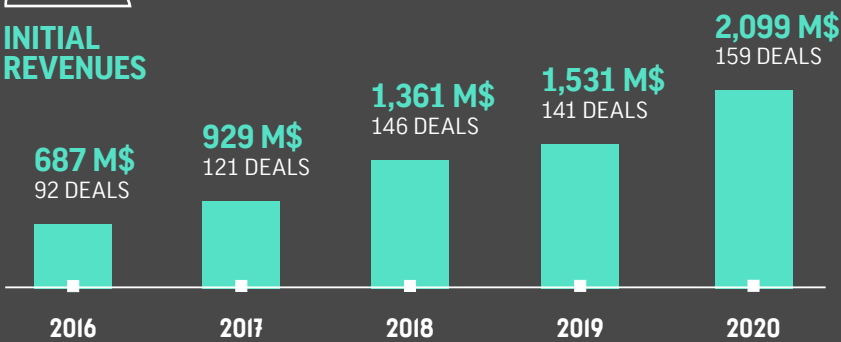
SEED



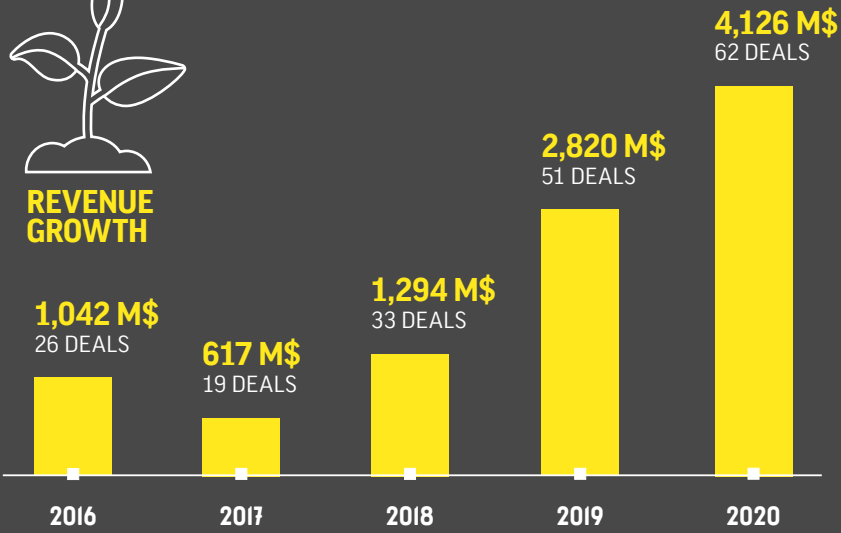
R&D



INITIAL REVENUES



REVENUE GROWTH



In line with the maturity of the ecosystem, 60% of capital was invested in scaleup companies, 30% in pre-scale companies, and 10% in early stage companies in 2020

EXITS

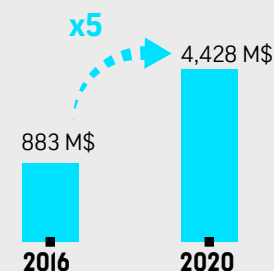
2020

RECORD YEAR OF EXITS

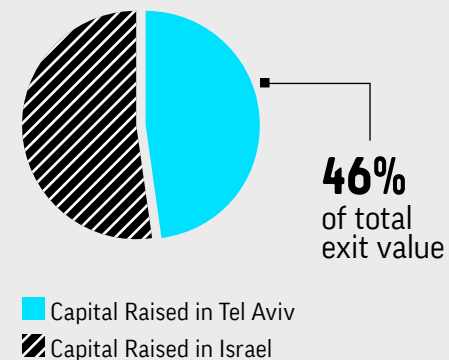
TOTAL EXIT VALUE

4,428 M\$

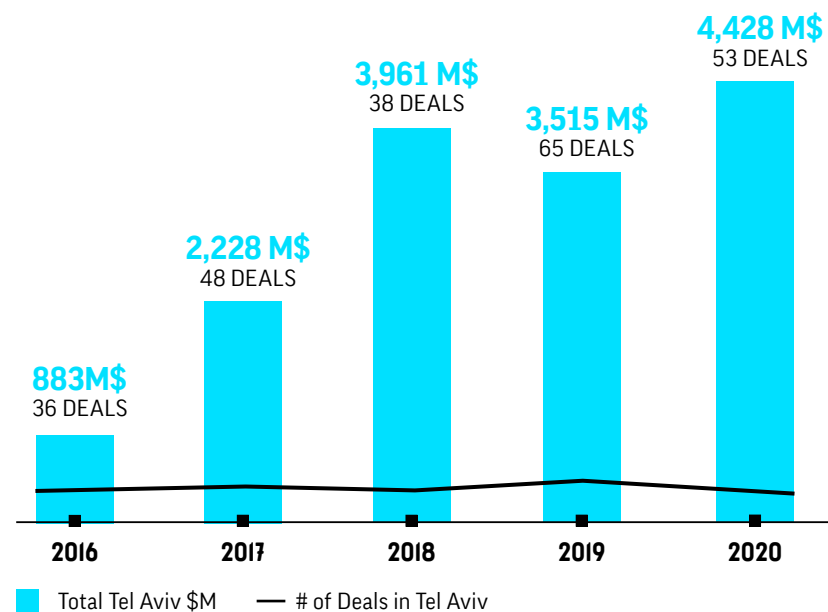
IOT **3** EXITS
AVERAGING \$1 BN



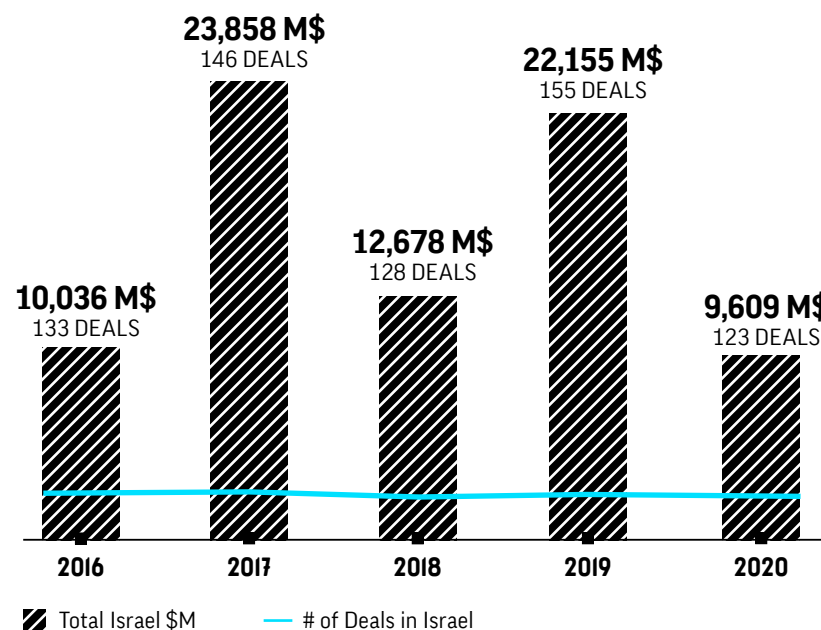
**GROWTH IN
EXIT VALUE**



Tel Aviv Tech Exits 2016-2020



Israel Tech Exits 2016-2020



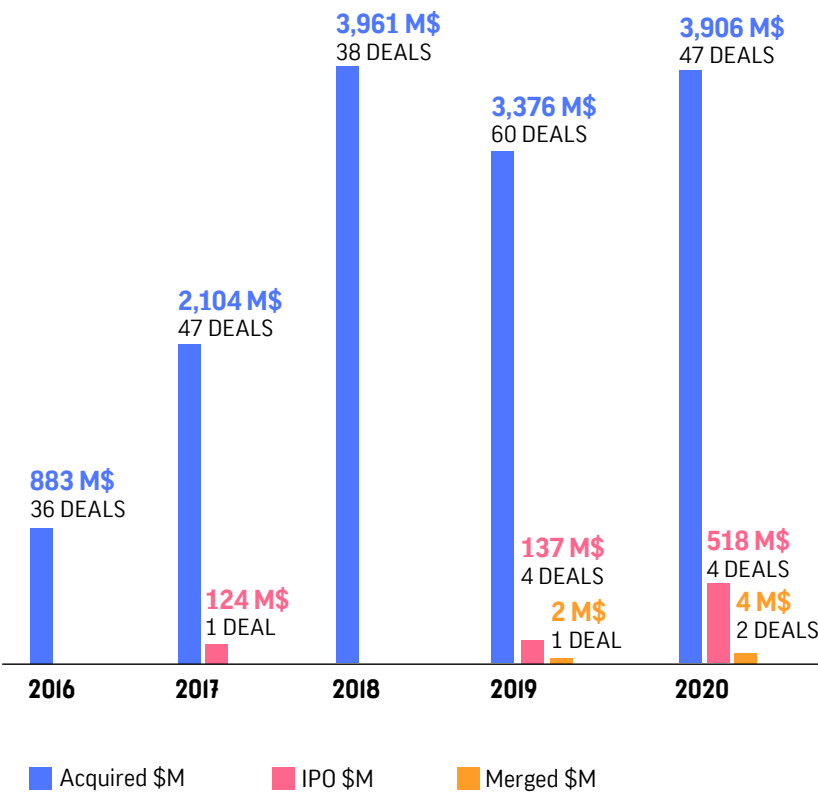
EXITS

IPO

2020

4 exits by IPO at world-leading stock exchanges

Tel Aviv Tech Exits by Type 2016-2020



LARGEST TEL AVIV EXITS 2020

ACQUIRING COMPANY

EXIT \$M

ACQUIRED COMPANY

Advent International

1,600M\$

ForeScout Technologies Inc.

CapitalG / Insight Partners

1,100M\$

Armis Security

NetApp

450M\$

Spotinst Ltd.

NYSE

319M\$

Lemonade

DEFINITIONS & METHODOLOGY

1. The data in the report is updated to January 15, 2021.
2. **Definition of Tel Aviv tech company:**
 - The headquarters of the company is located in Tel Aviv
 - The company manages a branch office in Tel Aviv
3. **Definition of Greater Tel Aviv company:**
 - The headquarters of the company is located in one of the cities and towns near Tel Aviv
 - The company manages a branch office in one of the cities and towns near Tel Aviv
 - List of cities and towns included in Greater Tel Aviv: Azur, Bat-Yam, Bnei Brak, Ganey Tikva, Givat Savion, Givat Shmuel, Givatayim, Herzliya, Holon, Kibbutz Glil-Yam, Kiryat Ono, Or Yehuda, Petach Tikva, Ramat Efal, Ramat Gan, Ramat Hasharon, Savyon-Gani Yehuda, Yehud
4. **Definition of Tel Aviv investors:**
 - The headquarters of the investors located in Tel Aviv
 - The investor manages a branch office in Tel Aviv
5. The companies included in the report tagged as high-tech companies in IVC's database

6. **Company Stage:** Each Company is classified according to one of four development stages as follows:

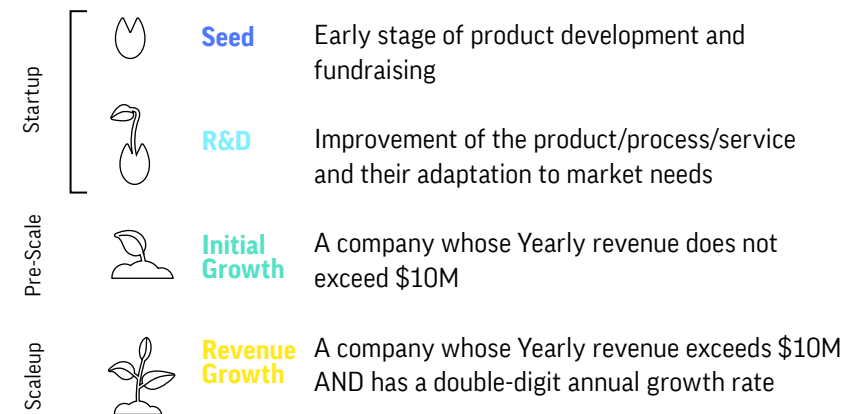


Photo by Lior Golbary

