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## Israeli tech connection

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After spending the last year in Israel developing a technology that gives hard surfaces such as tables and walls the ability to charge electronic devices such as cell phones, Ran Poliakine is ready to commercialize his invention.

But he won't be doing it in Israel. He's headed to New York City.

"New York City is the gateway to the rest of the world," says Mr. Poliakine, whose company, Powermat, will begin selling its technology to businesses in the United States and Japan later this year.

A growing number of Israeli tech companies are setting up their worldwide sales and distribution operations in New York City as they get ready to bring their products to market. The movement is being fueled by a high-tech boom in Israel and an emerging support network of established Israeli entrepreneurs and others who are promoting the city as an attractive U.S. outpost.

Israel has always had a strong business connection with New York, and in recent years it has become well-known for high-tech innovation. This year alone, U.S. firms have invested \$766 million in 107 Israeli tech firms, according to Dow Jones VentureOne and Ernst & Young.

"The Israel high-tech sector in life sciences, Internet media and software is booming," says Yair Shiran, Israel's economic minister to North America.

### All in one

For most Israeli startups, the city is a one-stop shop for customers, workers and investors. The chances of finding all three in tech hubs such as Boston, Dallas and Silicon Valley are close to impossible. And compared with Dallas and Silicon Valley, New York is physically closer to Israel.

"I recommend moving to New York unless you're a company selling to other tech companies and your major goal in life is to strike a deal with Oracle--then you go to Silicon Valley," says Amir Orad, chief marketing officer of Actimize, an Israeli financial services software provider.

However, Israeli entrepreneurs don't come to New York without some trepidation. The high cost of living and commercial real estate prices in Manhattan can deter them from pitching a tent in the city. Manhattan office rents averaged about \$63 per square foot in the third quarter, a 37% increase from a year ago, according to Cushman & Wakefield Inc.

### Alleviating fears

The city's Economic Development Corp. has recently partnered with the Israel Economic Mission and area universities to educate Israeli companies on New York's benefits.

"What is happening now is the growth of a community that is going to help companies in Israel be less fearful of New York," says Anne Murray, vice president of international business development at the city's EDC. "New York offers a lot--a huge economy and great skilled talent."

Polytechnic University President Jerry Hultin and Director of Technology Transfer Bruce Niswander recently traveled to Israel to jump-start a relationship with Israeli entrepreneurs and alleviate concerns over high rents in New York. They touted Polytechnic's business incubator as an affordable office space for fledgling companies. The Brooklyn school rents space for \$15 to \$18 per square foot.

Extricom, a Tel Aviv-based wireless network manufacturer, has already taken advantage of cheap incubator space in Manhattan. The

company has housed its worldwide sales and marketing office at an incubator at 55 Broad St. in lower Manhattan run by the New York Software Industry Association since 2005. The privately held company says the move has paid off--revenue last year increased tenfold from the year before.

### **Running smoothly in NY**

"People are surprised that we are in New York," says David Confalonieri, Extricom's vice president of marketing. "[But] we can effectively run a business here."

Israel-born New York City entrepreneurs have been working to convince others that the city has become a more accommodating place for startups.

Yaron Samid, co-founder of Pando Networks, a Manhattan-based digital media distribution provider, recently formed the New York-Israel Tech Meetup, a peer group of Israeli entrepreneurs who share ideas and help each other network. In just two months, 153 people have signed up to be a member. So far, Mr. Samid has hosted two events, and each attracted an average of 50 attendees.

Similarly, last month Dr. Oren Fuerst co-founded Tevel Angel Club, a nonprofit designed to introduce Israeli high-tech entrepreneurs to investors in the United States through an online database and bimonthly meetings in New York. Its first meeting, on Sept. 6, attracted 700 people.

Dr. Fuerst, a managing director of BioVance Medical, a consulting firm for life science companies, is in the process of helping two life science Israeli startups, OHK Medical Devices Ltd. and BioProtect Ltd., look for office space in the city.

### **FINANCIAL SUPPORT**

Total equity investment in Israeli tech companies--the number of deals each year, followed by the amount (in millions):

**2002** 218; \$1.3

**2003** 200; \$1.0

**2004** 222; \$1.4

**2005** 207; \$1.3

**2006** 222; \$1.5

*Sources: Dow Jones VentureOne and Ernst & Young*

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