



The Israel Export & International Cooperation Institute

ISRAEL Inspired by *innovation* Software Industry



IT Security
Storage and Data Centers
Grid Technology

Internet

Cloud Computing

Enterprise Software

.applet.*; }





Vital player in a digital world

The secret's out: When it comes to software, companies the world over look to Israel for technological leadership. In fact, Israeli innovation could well shape the future of the global software industry: Leaping almost 400 percent in a decade, Israeli software exports rose from \$1.5 billion in 1998 to \$6.2 billion in 2009. That software helps power everything from PC motherboard chips to cell phones, and is deployed in business, consumer and technical applications around the world.



"The kind of innovation going on in Israel is critical to the future of the technology business."

*Microsoft Chairman
Bill Gates, 2005*

Israel's tradition of scientific research, a near-absence of natural resources and an entrepreneurial spirit led the country to pursue knowledge-based industry. Continuing security requirements have also contributed substantially to Israel's software capabilities: information processing, storage and security techniques, transmission and display solutions, and remote sensing abilities, including communication satellites, have all helped create the know-how necessary to succeed on the business side of today's digital world.

Start-ups and superstars

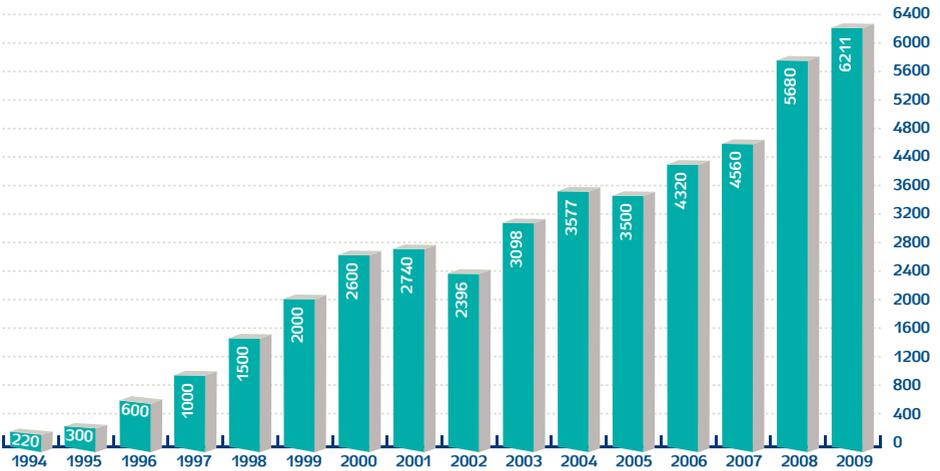
The strength of the industry is validated by its record of revolutionary solutions, including some of today's most common software solutions. Instant messaging, voice over IP, voicemail, public key cryptography, Internet firewall and cellular billing are technologies envisioned and developed by Israeli companies. They are used the world over across many fields: telecommunications, finance, retail, healthcare, government manufacturing and more. Check Point, Amdocs, Converse, Mercury and many other Israeli software companies became world leaders in their domains.

As a hotbed for emerging software technologies, most large software vendors maintain R&D facilities in Israel. Many of these centers, which support major product lines, were established through acquisitions of local companies. Others have established local R&D and manufacturing centers, many of which now play a significant role in their parent companies' operations. Multinationals with Israeli operations export more than \$3 billion annually.



Israel's Software Industry

Exports (\$ Million)



Source: www.cbs.gov.il

standards and complies with local regulatory and language requirements. Many of Israel's most innovative companies seek strategic partners or outright purchase of their technologies by foreign companies better able to exploit global economies of scale.

Fast forward to tomorrow

The stream of innovation continues. Israeli companies are taking a leading role



Magnet for multinationals

Many multinationals maintain R&D and/or manufacturing facilities in Israel.



in developing IT security, cloud computing, business intelligence, virtualization, e-gov and internet applications.

More than 100 Israeli software companies are active in the cloud computing space – the delivery of business and consumer services over the internet that is considered the next revolution in the IT market. These companies are delivering a wide range of solutions in areas such as IT security, IT management, Web applications, automated software quality, telecom applications, business intelligence, and enterprise application domains, especially CRM, ERP, collaborative applications, HR management, knowledge and content management, as well as industry-specific applications.

Other notable fields of innovation include business intelligence, next generation information-centric security solutions, authentication, network security, IT management, application lifecycle management, content management, storage software and others. In these fields and others, clusters of new Israeli companies are emerging, offering an unmatched variety, quantity and quality of innovation.

▶ A Vertical Market Strategy

Financial Sector:

Banks, Insurance
Companies, Investment
Banks

Public Sector:

Governmental Institutions,
Infrastructure

Retail Sector

Transportation Sector

New Media Sector:

Entertainment Industry,
Cable Television
Companies, Publishers &
Mobile Operators

Enterprise Sector



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Israel: the place to be

Free trade agreements with the U.S., EU, Mercosur and other countries, a largely Anglo-American legal system, a well developed physical infrastructure, minimal language barriers and in some cases government financial incentives make it easy to participate in Israel's software industry.

- ▶ Commercial agreements
- ▶ Distribution
- ▶ Technology integration
- ▶ Joint projects
- ▶ Partnerships between companies
- ▶ Outsourcing services
- ▶ Capital investments
- ▶ Bi-national research funds

Did you know?

- ▶ The 2008-2009 World Economic Forum's Global Competitiveness Report ranks Israel third out of 134 countries for the quality of its scientific research institutions.
- ▶ The OECD 2010 Factbook ranks Israel first in civilian R&D spending as a percentage of GDP, nearly double the U.S. rate and more than double the OECD average.

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Success Stories



► **Actimize**, a wholly-owned subsidiary of NICE Systems, provides enterprise-wide software solutions for brokerage compliance, anti-money laundering, and fraud prevention to many of the world's largest financial services companies. The company is expected to generate revenues of \$100 million in 2010. (NASDAQ: NICE.O).



► **Amdocs** pioneered Yellow Pages automation in the 1970s, rising to become a global leader in integrated telecommunication customer management software. Revenues reached \$2.85 billion in 2009 and may reach \$3.0 billion in 2010. (NYSE: DOX)



Check Point
SOFTWARE TECHNOLOGIES LTD.

► Established in 1993, **Check Point Software Technologies** invented the Internet firewall and spawned a multi-billion dollar industry. The company reported revenues of almost \$925 million in 2009, a 14% increase year over year, and ranks as the world's fourth largest security software provider. (NASDAQ: CHKP)

Correlix

► **Correlix Inc.** offers RaceTeam™ for real-time latency visibility at buy-side, sell-side and liquidity venues. Customers rely on Correlix to monitor, measure and minimize latency in trade execution and market data flow, enabling them to execute trades or deliver and act on market data in fewer microseconds. Clients include the world's largest high frequency trading and market centers.



EARNIX

► **Earnix** offers practical solutions to the limitations of traditional pricing methods used by financial services providers, helping insurers and banks improve performance through better customer segmentation, advanced demand analysis, and optimal pricing. Earnix enables insurers to improve bottom line performance by 1-5 percent of gross written premium. Banks and credit card issuers can improve net interest margins by up to 35 basis points.



► **GigaSpaces** offers Java and .Net environment application platforms superior to traditional application-servers. GigaSpaces' flagship eXtreme Application Platform (XAP), a virtual application platform, uniquely lets customers develop, deploy, and manage application, data and messaging services with a single product - a complete middleware solution on one scalable platform. Customers include Dow Jones, Gallup, Marktplaats (eBay), Société Générale, SIG and Commerzbank.



► Since 1982, **Retailix** has provided integrated enterprise-wide software solutions for the retail food industry worldwide. Its products automate and synchronize retail, distribution and supply chain operations encompassing stores, headquarters and distribution centers. (NASDAQ: RTLX)



► **Voltaire's** InfiniBand and 10GbE scale-out computing fabrics for data centers, HPC and cloud environments are used by more than 30 percent of Fortune 100 and other premier organizations across many industries. Its switch platforms and advanced management software offer the lowest latency networking solutions for high frequency trading and are included in server offerings from leading manufacturers. (NASDAQ: VOLT)

The Israel Export & International Cooperation Institute

The Israel Export & International Cooperation Institute, a non-profit organization supported by the government of Israel and the private sector, facilitates business ties, joint ventures and strategic alliances between overseas and Israeli companies. Charged with promoting Israel's business community, it provides comprehensive, professional trade information, advice, contacts and promotional activities to Israeli companies, and complementary services to business people, commercial groups, and business delegations from abroad.

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© December 2010
The Israel Export & International Cooperation Institute
Production: IEICI Media and Production Division
Text: Paul Ogden Communications
Design: Ayala Eylath