Dr. Wolfgang Bernhart
Senior Partner, Roland Berger
GmbH and Member of the
Scientific Board of ATZelektronik

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Israel – High-tech Location Underrated

When talking about new business models, digitisation and high-tech, everybody looks first to Silicon Valley. With thousands of companies headquartered here, the southern part of the Bay Area is clearly the most important IT and High-Tech region globally. However, competition is likewise fierce – for talent, but also for opportunities to invest in innovative start-ups with potential disruptive innovations.

While it is by now considered good form to open up an office in Palo Alto or Sunnyvale, Israel more often than not does not figure prominently on people's radar screen, when it comes to high-tech start-ups. Erroneously so. For Israel represents the largest concentration of start-ups per capita worldwide. With over 5000 new incorporations, of which 750 are backed by venture capital, Israel also has the 2nd largest concentration of technology related start-ups after California in absolute terms.

One reason for that is that Israel sports the highest ratio of scientists and engineers per capita in the world – 140 for every 10,000 citizens (the equivalent ratio for the US is 85). Another reason are cultural factors. Key aspects are the positive attitude towards failure and risk taking, the "Can do spirit", participation in teamwork and "joint missions" and the tightly knit networks that exist within this highly international country, mature management talent and last but not least the commercialisation of advanced military technology are other important aspects.

Not least with the objective of partnering with start-up companies and making acquisitions, over 300 foreign companies have established R&D centers in Israel – large Internet players, but also Automotive companies such as GM. Especially in the context of new mobility concepts and -related technologies, Israel has a lot to offer. More than 400 start-ups focus on areas such as Infotainment & Connected Car, Autonomous vehicles, Shared mobility, Alternative fuels and Energy storage as well as Safety & Security. More than 150 of these businesses are already active suppliers of the automotive industry with an export volume of more than a billion US-Dollar.

To identify potential investment and acquisition candidates, the search for, a visit to Israel start-ups should therefore be part of every product and technology strategy development project. Companies such as Waze, MobilEye, RedBend, Moovit, GreenRoad, iOnRoad and GetTaxi were sold, IPO'd or raised investment at a total value exceeding 10 billion US-Dollar in the last 24 months, the latest, large example Volkswagen's 300 million US-Dollar invest in the ride hailing service GETT.

The same applies to digital transformation programs: "Inspiration Tours" have proved successful instrument to not only introduce "Old economy" executives to new modes of thinking and working practiced here but to create an awareness among these of the potential threats these pose to old way of doing business.