

# Israeli tech incubators celebrate success

February 28 2006

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Airline passengers in Newark, N.J., and open-heart-surgery patients worldwide have the Israeli government to thank for the technological innovations that keep them safe and healthy, officials of the technology incubator program said at the program's annual conference Sunday.

"The incubators are our secret weapon," said acting Prime Minister Ehud Olmert in his speech to the conference. "We have reason to be proud."

The government's incubator program supports the establishment and growth of high-tech startups. One such venture is OmniVee, a closed-circuit television maker that boasts "entire view" range to "maximize monitoring abilities," the company said. The company said OmniVee systems are in place at Newark Airport.

Another is Neurosonix, which pioneered the use of acoustic radiation to move and prevent arterial blot clots in the brain during open-heart surgery. "The system represents a revolutionary generic concept for cerebral protection," the company said.

The two firms, both incubator graduates, jointly won the conference's Outstanding Projects of 2005 award.

The program, consisting of about 30 incubators, "supports novice entrepreneurs at the earliest stage of technological entrepreneurship and helps them implement their ideas by turning them into exportable commercial products and forming productive business ventures in Israel," according to the Ministry of Industry, Trade and Labor.

This early stage is the riskiest time to invest in a company, the ministry said. The government absorbs that risk for up to two years, providing funding, space, administration and guidance to entrepreneurs who are chosen to participate.

This way, "during their stay in the incubator, they may turn their abstract ideas into products of proven feasibility, novelty, advantages, and necessity in the international marketplace," the ministry said.

"The program is the original source -- I don't want to say the only source, but definitely the original source -- of companies who are now at their pinnacle in Israel," said the state's chief scientist, Dr. Eli Ofer.

In 2005 the government invested \$30 million -- a near record sum -- in technology incubators, Olmert announced at the conference.

Olmert said his "big dream" is to turn Israel, already at the forefront of technological research and development, into the leading R&D force in the world.

"We are partners," the acting premier assured the audience of scientists, engineers and researchers.

Some incubators are specialized, dealing in only software or biotechnology. There is even an incubator in Nazareth called New Generation Technology founded by a mixed group of Arab and Jewish businesspeople.

Most also operate in what is called the "periphery" -- areas of the country in the north and south, away from the Tel Aviv-Gush Dan population center and traditionally less developed by the government.

The incubator named as most outstanding for 2005 is based in Kiryat

Shmona, a town near the Lebanese border known for its particularly "peripheral" status in terms of both location and financial resources.

However, this means the incubators are creating new technological centers in the country, including the Haifa Bay area and the Galilee town of Migdal Ha'emek, near Nazareth -- in addition to Kiryat Shmona.

The incubators also function to help attract private investors to the startup companies, Olmert said.

"Our intention is to continue to encourage private investment in these industries," Olmert said. He praised the fact that for every dollar the government invested in the program in 2005, private entities invested \$2.50.

Ofer, whose office oversees the program, estimated the level of private investment was as high as \$175 million for the year.

Since the inception of the program more than a decade ago, the incubators have grown exponentially, Olmert said. Also since that time, about half of them have been privatized.

Ofer pledged the program would grow even further, although he said the Chief Scientist's Office sometimes has trouble securing in budgetary negotiations the funding it needs.

"The technology incubator program is the diamond of the Chief Scientist's Office," Ofer said. "In 2005 the program had its biggest budget ever. But as we say, life progresses and need increases."

"We will enlarge the program -- the problem is by how much," Ofer said.

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Citation: Israeli tech incubators celebrate success (2006, February 28) retrieved 3 May 2024  
from <https://phys.org/news/2006-02-israeli-tech-incubators-celebrate-success.html>

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