

Economic Impact of Israeli SME-Instrument-Phase-2 Beneficiaries on Europe

The SME-Instrument (SME-I) attracts disruptive Israeli companies, which have a clear societal-global impact and significant added value for the EU. The SME-I grant helps these companies overcome their sectorial and demonstrational funding gaps, and motivates them to realize their full growth potential and scale-up in the European market.

We have interviewed 50 Israeli phase-2 winners and are happy to present our findings of their impact on the EU.

Relevant and beneficial for the EU, IL SME-I recipients are:

- **Integrating innovation in European companies and helping build products which are then sold and marketed as European technology:**
 - SYNVERTEC manufactures and distributes its innovative renewable-energy solution, the Synchronverter, from Europe.
- **Creating new opportunities for European businesses to expand their international reach:**
 - HOME BIOGAS, a small size bio-gas digester producer, strategically partnered with ENGIE, a European global energy and services provider, for further development of its product and distribution.
- **Creating high-quality jobs in Europe:**
 - MMATECH employs CRA professionals around Europe,
 - CARMEL DIAGNOSTICS will employ distributors, sales, marketing and customer support from Europe.
- **Improving the health and productivity of European citizens:**
 - VECTORIOUS and NEWPACE: Treating heart-disease patients who suffer from high mortality and have high hospitalization costs in Europe,
 - RESPINOVA's project aims to save about 21 billion Euros annually by treating COPD.
- **Addressing strategic interests**
 - Remaining a global leader in the automotive industry when working with HAILO,
 - ODI's cyber security solution will keep SMEs safe.

IL companies have societal-oriented impact in Europe and beyond:

- Tackling **societal challenges** such as energy (GRIDON), sustainability (GREENSPSNCE), environment (SAN-HITECH), water (WATERSIGN), health (e.g. breakthrough cancer treatments: NUCLEIX and TRIOX NANO), inclusive societies (NINISPEECH), and agriculture (SATURAS).
- **Directed to save or improve people's lives-** EYECONTROL, which provides ALS and other 'locked-in' patients with a communication device.

Simply the best!

- **Winners of many other awards, prizes and excellence contests**
 - ELMINDA was declared by the World Economic Forum as a Technology Pioneer and was ranked among Fast-Company's top 50 most innovative companies worldwide.
 - VOICEITT won Microsoft's prize of using AI for the betterment of mankind.
- **Raising significantly more private money to continue rapid growth**
 - MEMED raised an additional 70M\$ after winning the grant.

In need of the SME-I funding:

- IL beneficiaries are from sectors that **do not have abundant private-funding in Israel**; thus could probably not scale-up fast without the European grant.

See here the Israeli SME Instrument phase 2 beneficiaries <https://sme.easme-web.eu/>

European investment in Israeli high-tech grows and benefits both innovation ecosystems:

- In recent years we have seen an **increase of European investments in Israel** by different strategic players and corporations (Philips, Merck, Enel, Renault, Siemens and many more). This is the result of **the Israeli companies' new and developing tendency to grow and expand globally**, while increasing their partnerships with industrial companies, rather than selling their technologies in their early-stages to global tech companies, as they did in the past. **Israel is interested in diversifying the origins of its investments by enlarging participation of European investors in the country, while such European corporates can leverage different aspects of the Israeli innovation ecosystem**; for example:

 - Opening excellent R&D centers or innovation labs, some of whom are eligible for funding by the Israel Innovation Authority - IIA (Renault, Enel and Merck).
 - 27 European Multinational companies have signed agreements with the IIA that enable them to partner with IL companies on specific projects that get financed by the IIA and allow them to have ownership on the new IP (EU MNC's active in the program – Alstom; Nestle; Adler; Enel; Eon; Orange; Merck and many others)
- Creating synergies in breakthrough R&D with local entities (startups, academia, hospitals, etc);
 - Exploiting existing relevant know-how and infrastructure for research or for pilots (such as medical comprehensive data);
 - Attracting more foreign investments for further growth;
 - Using local players such as suppliers and business partners as strategic allies in development and manufacturing, etc.
- In areas where **IL has significant investment (including ICT, cyber, fintech, AI), investment bodies, such as Israeli VCs, have begun to diversify their investments into Europe** and thus use their capabilities to strengthen the European industry in these strategic sectors, for example **83north VC** that now invests in Italian and Greek companies as well, **Benhamou Global Ventures** that also invest in France, **Pitango** that launched a collaboration with Poland, **KreosCapital** fund for growth debt in IL and across Europe, etc.

European funding has an IMPACT on Israel:

- European **debt funding has a major impact on developing the loans market for technological companies in Israel. It is an investment asset** that is relatively scarce in Israel but flourishes in Europe. Hopefully more banks in Israel will join **Leumi-Tech**, which has already received 600M Euros guarantee from the EIF (European Investment Fund) in order to extend credit to innovative local companies.
- **Israeli investments in life-sciences, energy and environment are low**; thus **European support in these areas**, in which Europe is a global leader, **is crucial for Israel** in order to develop companies in these domains.

Fast growth of companies requires heavy investments in technology, scale-up, and close partnerships with the markets;
SME-I enables Israeli companies to leverage the European platforms and financial tools in order to generate growth while creating mutual significant value.