



# Technological Incubators Program

## lowering the risk in creating new high-risk: high-returns startups

Israel Innovation Authority is launching the next generation Technological Incubators Program to continue decades of successful early-stage (pre-seed – seed) co-investments. Past performance show incubator-supported startups have a significant advantage in subsequent investment rounds and reaching commercial stages, compared to other startups in Israel.

### **Technological Incubators create and invest in early stage high-risk: high-returns startups**

### **Mitigating incubator's risk by funding up to 85% of the project's budget**

The incubators are a public – private partnership program, in which the Israel innovation authority mitigates the incubator's risk by funding up to 85% of the project's budget – to reach the next fundable milestone (up to NIS 6.5M budget for up to 3 years). Israel innovation Authority will also grant up to NIS 2 million to the incubator for a central lab the startups can use freely.

### **The incubators lead tech-transfer processes, and support entrepreneurs in creating startup companies and bringing them to the next fundable milestone**

Based on a well-balanced collaboration between industry, venture capital and government, the incubators are owned by leading partners with deep business and technological knowledge and experience in technology transfer, establishing startups, and bringing them to the next fundable milestone.

The incubators invest smart-money; they provide technological and business guidance, access to a large network of strategic partners, co-investors, design partners, customers, distributors, and more. The incubators also provide operational support e.g. legal, accounting, office, and administration assistance. All poised to help young startups get going as quickly as possible and reach a fundable milestone in a lean and efficient way.

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### Benefits

- Mitigate high risk – invest only 15% of the seed round, receive 85% from the Israel Innovation Authority
- Enjoy upside – take equity in disruptive technologic startups with high potential
- Creating value – incubator receives up to NIS 2,000,000 for central lab equipment
- Commitment and stability – 5 year concession + optional 3 year extension
- Enjoy world renowned reputation for lean startup support program

### Support for Startups

- Budget of up to NIS 1,500,000 for tech-transfer and first POC
- Budget of up to NIS 5,000,000 as seed investment
- Up to 85% grant from the Authority, at least 15% from Incubator
- In case of failure – no debt to the Authority
- In case of success – convenient, capped, royalty payments to the Authority

### What makes a great Incubator?

- Balanced shareholding – industrial and financial partners with **high added value** to incubator and startups
- Experienced **team** – at least two full time dedicated managers
- Available and **committed funds** to invest in incubator and in startups
- Well defined vertical focus – complicated and **high risk technologies**
- **Strategic partnerships** with high added value
- Play pivotal role in **ecosystem creation** and integration in the chosen vertical
- Extensive experience in **tech-transfer** from research institutes to industry
- Extensive experience in **seed investments**, pipeline management and due diligence
- Extensive experience working with **startups**
- Create and invest in **~4 new startups annually** in complicated technological areas
- **Hands-on** involvement in startup creation and day-to-day work
- Defined vehicle for **follow on investments** (at least a plan)
- Readiness for **additional funding** for startups as needed