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Food Tech

Israel's Life Science Industry IATI Report 2019 Rising Sectors

 *Connecting Israel's Tech Ecosystem*

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FoodTech¹

Introduction

The Israeli FoodTech industry has shown massive growth in recent years, effected by comprehensive number of industry forces such as growing global population, climate change, changing consumer demands, restricted natural resources, food waste and consumer health issues.

The gigantic growth in world population, which is expected to increase food consumption by about 70% worldwide, has served as a key catalyst for new companies, ideas and cutting-edge technologies to emerge. According to UMatch Analytics² and

¹ With the support of the The Kitchen Hub
[/https://umatchanalytics.com](https://umatchanalytics.com)

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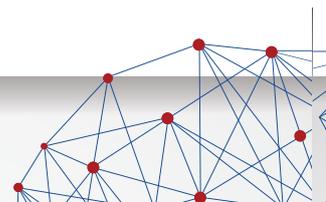
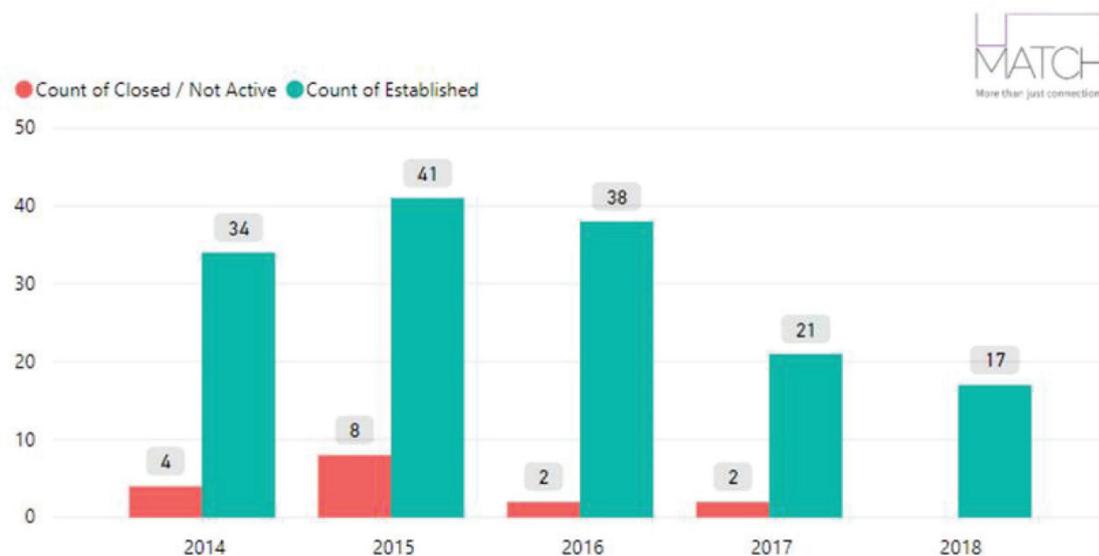
public information, in the Israeli FoodTech industry, between 2014-2018, an astonishing number of 151 new and ambitious startups were established, with the goal of answering different needs around this fast-paced growing ecosystem.

The FoodTech industry also have a meaningful local support for innovation, including organizations like Start-Up Nation Central and Israeli government bodies that invests in incubator programs, in partnership with Israeli VCs, food corporates, academic institutions and farmers.

The Israeli FoodTech industry main players are the startups, 205 by count, and alongside them there are 174 Israeli investors that are already investing in the field or had expressed real interest to start investing, ranging from VC's, Hub's, Incubators and Angels. Another important player are the corporates and companies, 186 by count. This player is usually considered more traditional but is not less effected by the changes in this market that are ultimately encouraging them to develop and integrate new technologies and innovation as part of their organization. Whether it is done by opening new hubs like Thekitchen (Strauss group), the FoodNxt (Frutarom's new innovation lab) which are targeting food-tech start-ups, or the new hub that is about to be opened in Kiryat Shmona at the northern part of Israel (as a collaboration of Jerusalem Venture Partners (JVP), the Israeli Ministry of Economy and Industry and the EISP - Entrepreneurship and Innovation Support Program - alumni organization of Unit 8200, Israel's military intelligence division) and last though not least are the academic and research institutes, 12 by count, that are active in the FoodTech field.

As of today, approximately 205 companies are active in Israel (Figure 25) an increase of approximately 17 companies compared to prior year.

Figure 25 - Cumulative number of active FoodTech companies

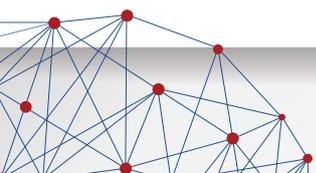
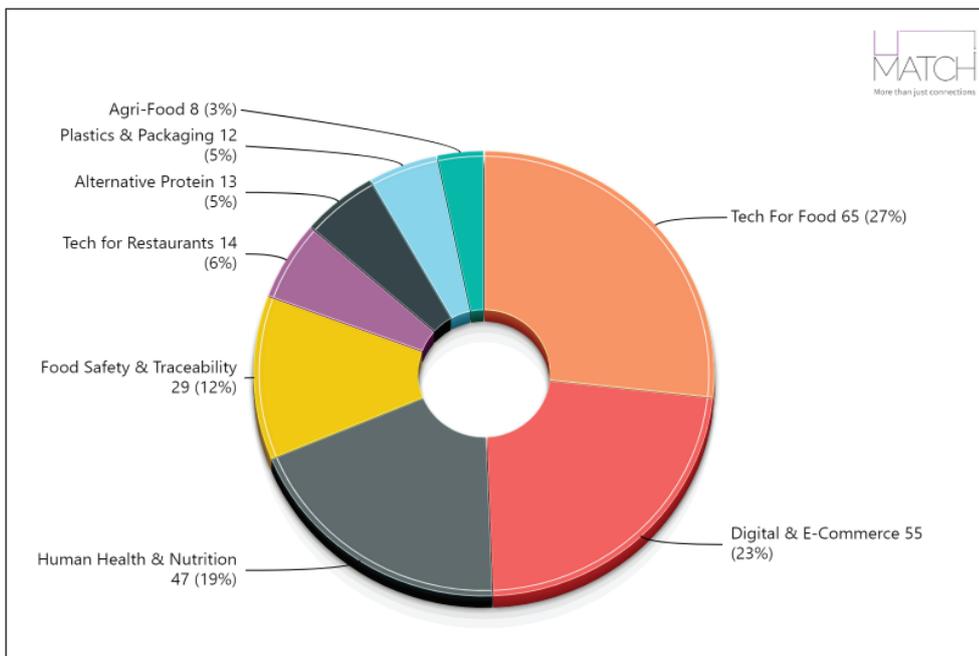


The leading trends in the FoodTech sector are (Figure 26):

- Alternative protein - plant-based meat substitutes and edible insects, require fewer natural inputs to produce.
- Digital & E-Commerce - online marketplaces and delivery platforms.
- Food Safety - Technologies that track, monitor and reduce the risk of foodborne illnesses.
- Food Technology - including food personalization, robots & drones, Big Data & Analytics, VR, AI & Machine Learning, food processing, food aesthetics and Supply Chain Tech.
- Human Health & Nutrition - software that empower users to make better and healthier decisions regarding the food they eat.
- Plastics & Packaging - food packaging which provides protection, tampering resistance, and special physical, chemical, or biological needs.

E-Restaurants - technological solutions to restaurants and businesses (mostly SaaS platforms) to enable restaurants to work seamlessly.

Figure 26 - Trends according to number of companies



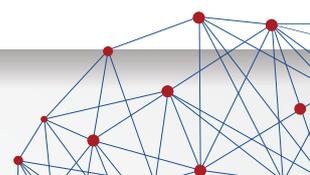
Sources of funding

The Israeli FoodTech Industry has several sources of funding, among them are the Israel Innovation Authority, venture capital funds (Israeli and foreign), micro-funds, corporate investors and angels. Based on public information and according to past deals and transactions made in the field, the 10 most active investors (both from Israel and abroad) are:

- The kitchen FoodTech Hub (Strauss)
- Cyrus Venture partners
- Fortissimo Capital
- ICV
- JVP
- Landa Ventures
- Nielsen Innovation Fund
- Pitango Venture Capital
- Viola Ventures.

Israeli FoodTech tech startup investment activity between 2014 and 2018, we detail \$324 million of investment across 162 deals. The top five startups in the FoodTech industry according to their funding stage and number of rounds are:

- Bringg - raised \$25 million in their last round leaving them with a total of \$57 million in capital raised.
- Altantium Technologies - held a round of \$9 million and a total of \$36 million in capital raised.
- mySupermarket - their last round, occurred on October 17, was undisclosed but they have raised a total of \$33 million in capital raised up till then.
- CommonSense Robotics - raised \$20 million in their last round, and an overall of \$32 million to date in capital raised.



Mergers & Acquisitions

Over the past few years, there has been several acquisitions and movements in this evolving market, that are creating big waves and setting a new tone in this relatively young field.

US flavor and fragrance giant IFF that acquired Frutarom, the world's sixth-largest flavors and fragrance producer and the seventh largest company on the stock exchange, for \$7.1 billion.

Enzymotec was acquired by the same Frutarom for \$168 million. Enzymotec is an expert in Lipids, develops and manufactures nutritional ingredients and medical foods.

Beverages analytics platform WeissBeerger's, acquisition by Anheuser-Busch InBev, the world's largest brewer (Budweiser, Corona, Stella Artois and more)

TenBis's acquisition by the Dutch company Takeaway.com, for \$158 million, 10bis, as we call it, is the most famous popular food-ordering service in Israel, working with thousands of businesses (Mostly tech and startup companies) and over 5,000 restaurants across the country.

Figure 27 - M&A activities within the Israeli FoodTech High-Tech Companies

