

Israeli Tech Companies in Europe

A Full Overview of Startups, Employees,
and Tech Relationship



Funded by the
European Union



The Enablers



Funded by the
European Union



EIT Hub Israel is an outreach location of the European Institute of Innovation and Technology (EIT). The EIT is an independent body of the European Union set up in 2008 to deliver innovation across Europe. The EIT brings together leading business, education and research organisations to form dynamic cross-border partnerships.

The EIT Hub Israel creates synergies between the EIT community and the Israeli innovation ecosystem to support the growth of innovative start-ups and increase the numbers of EU-Israel and Cross-KIC collaborative projects.



CQ Global is a consultative search firm specializing and focused on helping Israeli companies find and locate leading talents across the globe. CQ Global has successfully placed over 550 talents in 31 countries and is fully committed to accuracy, bridging the cultural gaps and delivering the best fit candidates that can make the difference to business success.



ISERD – The Israel-Europe R&D Directorate is an inter-ministerial directorate promoting the participation of Israeli entities in the European Framework Programmes and in bilateral and multilateral research and innovation activities with European countries.

ISERD is Israel's National contact point for participation in the European Framework programme, and its goal is to increase Israel's scientific and industrial collaboration with the European research and innovation ecosystem. ISERD - Your Gateway to European R&I initiative!

Background

The History

This year marks 25 years of successful research and innovation corporations between Israel and Europe. The geographical proximity along with an extensive history of political, social and economic ties, creates fertile grounds for entrepreneurship and technology collaborations.

Our Quest

One of the key challenges of the innovation relations, as indicated in the “EU-Israel Investment & Innovation Bridging European & Israeli Business” report is that Europe is usually not the main go-to-market for Israeli startups. This stems from numerous reasons including misconceptions about the EU Market, language and cultural gaps, lack of connecting players (“connectors”), and lack of access to opportunities and data. This leads to the relations between countries to falling short of their economic potential.

As part of the quarter century anniversary, we created a comprehensive map and benchmark of the Israeli companies working in Europe aiming to support policy makers and business in designing and maximizing future collaborations.

This report focused on answering the following questions:

- In which European countries are Israeli startups active and do business?
- How many employees are Israeli startups employing across the EU countries?
- What are the prominent sectors and stages of the startups?

The Employment Angle

We decided to examine the business impact through the employment angle by collecting data and analyzing the number of people across the EU countries employed by Israeli companies. These branches, in addition to hiring local teams are also renting offices, working with local vendors and conducting business activity which all have a spillover effect on the European and Israeli economies. The employee angle can shine a light on the scope of cooperation between Israel and Europe, and on the potential for mutual contribution to economic development between them.

We believe that full transparency, analytical data and exposure are the primary catalysts towards building a business and creating impact and thus we have decided to generate and share this information. This information will help us understand which companies operate in the European Union and in what verticals.

A Knowledge Base

Above all, this report offers a foundation of a knowledge base, and we hope that it will continue expanding the fruitful dialogue between Europe and Israel and create new, and perhaps unexpected, business opportunities.

How to Utilize the Map

The map can be a useful platform for discussion and decision-making for both the public and business sectors.

The Policy Perspective

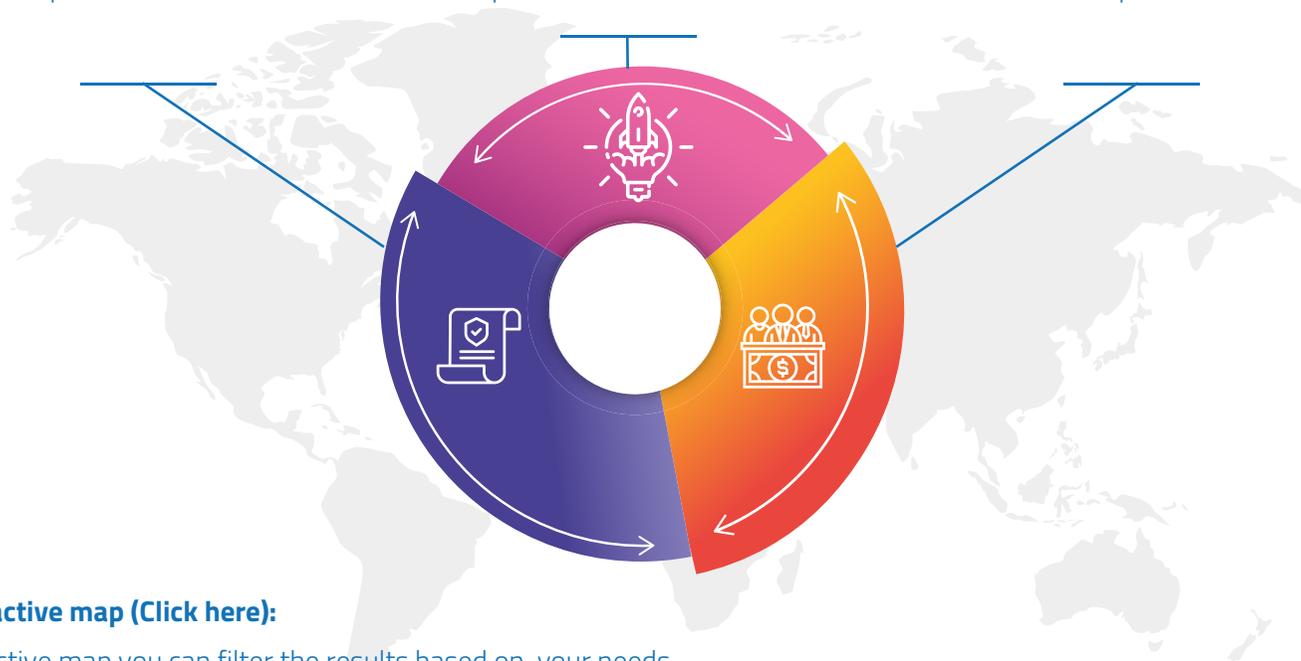
From a public perspective, this data can be used as a benchmark for decision makers and can also be used to create an index for measuring the economic ties between the countries, adding to the existing information available. The information in the report could also testify to Israel's potential and contribution in European R&I framework programmes.

Startups and Ecosystem Enablers

From a business perspective, this map can provide a network view of all active companies, which can support new companies in their decision making in entering the new market. This network has the potential to create connectors and an active Israeli startup community in Europe, that can attract more companies to follow.

Investors

For investors around the world, this map can provide valuable information on the scope, vertical and stages of this unique community. The data can also be of interest to companies and business entities in European countries, who can get a glimpse of the Israeli activity taking place in their respective countries



Explore the interactive map (Click here):

- **Filter it:** In the interactive map you can filter the results based on your needs
- **Download it:** If you need a graph, map, or anything else - you can download the filter content for your convenience.
- **Plan it:** combine different maps and aggregated data to plan your use and goal from these maps.

Methodology

The following report provides a broad view of the Israeli technology companies operating in Europe.

Data collection and verification

The data was collected and verified by extracting comprehensive and up-to-date information from the IVC Research Center, alongside public databases such as Startup Nation Central and the LinkedIn Network. In addition, a telephone and Internet survey was conducted to further authenticate the data.

Definition and Scope

The definition of an Israeli technology company includes startups and larger companies, and is based on IVC's criteria.

e identified only those companies present in the European Union countries - ie. 27 member states. In each country, we determined the number of local employees employed by the Israeli companies.

The report is based on data collected before the withdrawal of the United Kingdom from the European Union ("Brexit"). For the purpose of this report and to capture the full impact of the business relations, we included the UK data.

In-depth Survey

In addition to the extensive data collected, an in-depth survey was conducted among selected companies during January-February of 2021 to complement the quantitative findings with qualitative inputs. In this survey, to which 89 companies participated, we focused on the reasons that led them to operate in Europe and when it occurred; the nature of their activity there; their growth forecasts; and the needs and challenges facing Israeli companies in Europe. The answers provided by

the participants can indicate possible trends in the area and offer an 'insider' glimpse into these companies' situation.

Due to the challenge of collecting a large amount of quickly changing, cross border available data there might be slight discrepancies. However, we believe that these findings are up-to-date and comprehensive enough to tell the story of the Israeli companies in Europe and provide a platform for discussing measures to strengthen the economic ties between Israel and Europe.



Report Highlights



912

Israeli companies have a presence in the EU countries



24,223

Employees in the EU are employed by Israeli companies

38%

of the Israeli startups are in the IT & Enterprise Software

Germany, France, Italy and the UK

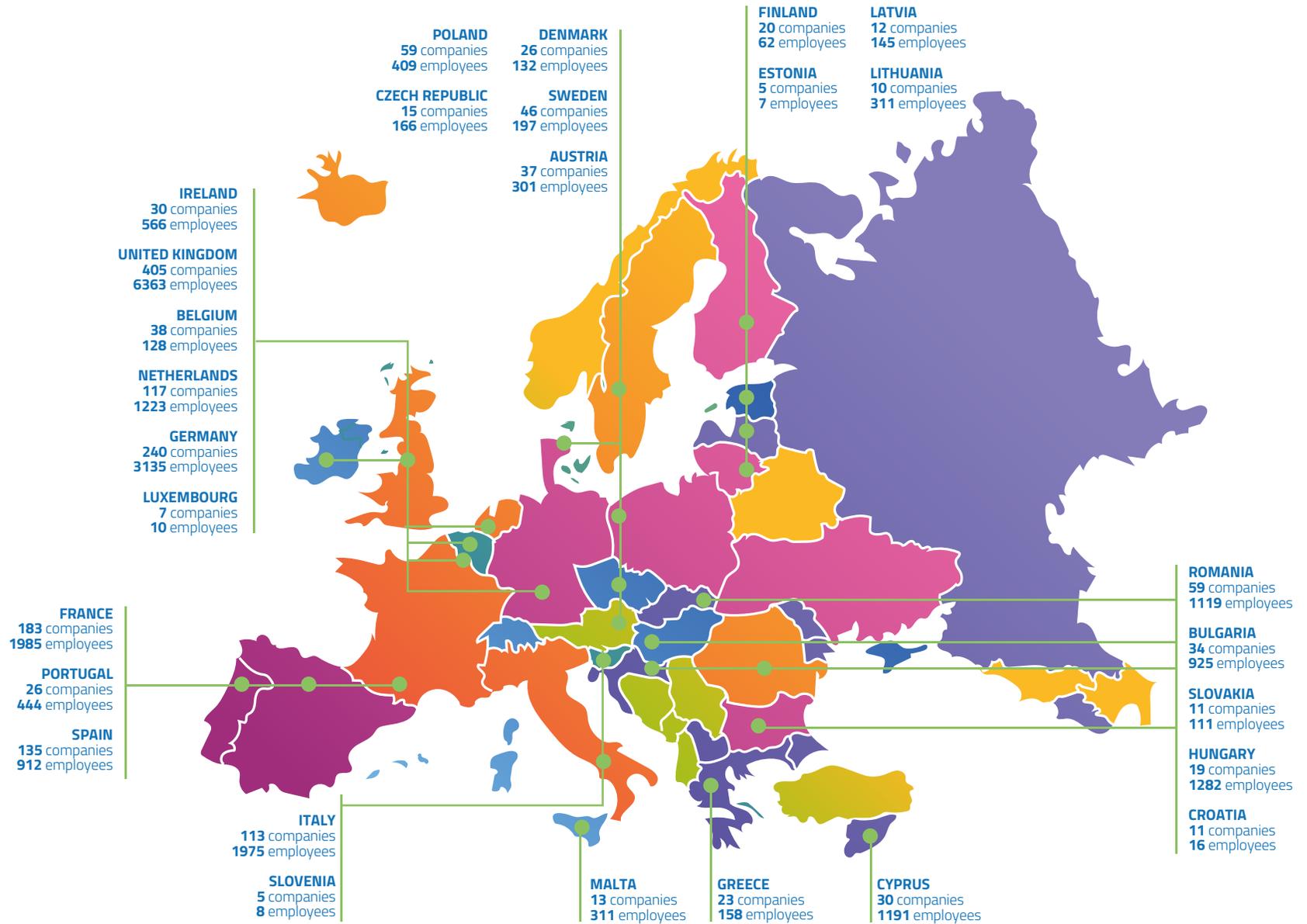
lead the list in terms of number of employees

Germany, France, Spain, the Netherlands and the UK

lead the list in terms of number of companies



Israeli Tech Companies in Europe



Map Insights



In the map, you can see the distribution of companies and employees in various EU countries. The UK leads the list with 405 companies and 6,363 employees. Apart from the UK, the two countries that top the list are Germany, boasting 240 companies and 3,135 employees, and France, with 183 Israeli companies operating and employing 1,985 employees.



It is interesting to see that some countries don't host many companies, but still have a relatively high number of employees: in the Netherlands there are 117 companies and 1,223 employees; in Italy there are 113 companies and 1,975 employees; Romania has 59 companies but 1,119 employees, in Cyprus there are only 30 companies employing 1,191 workers, and in Hungary there are only 19 companies employing 1,282 workers.

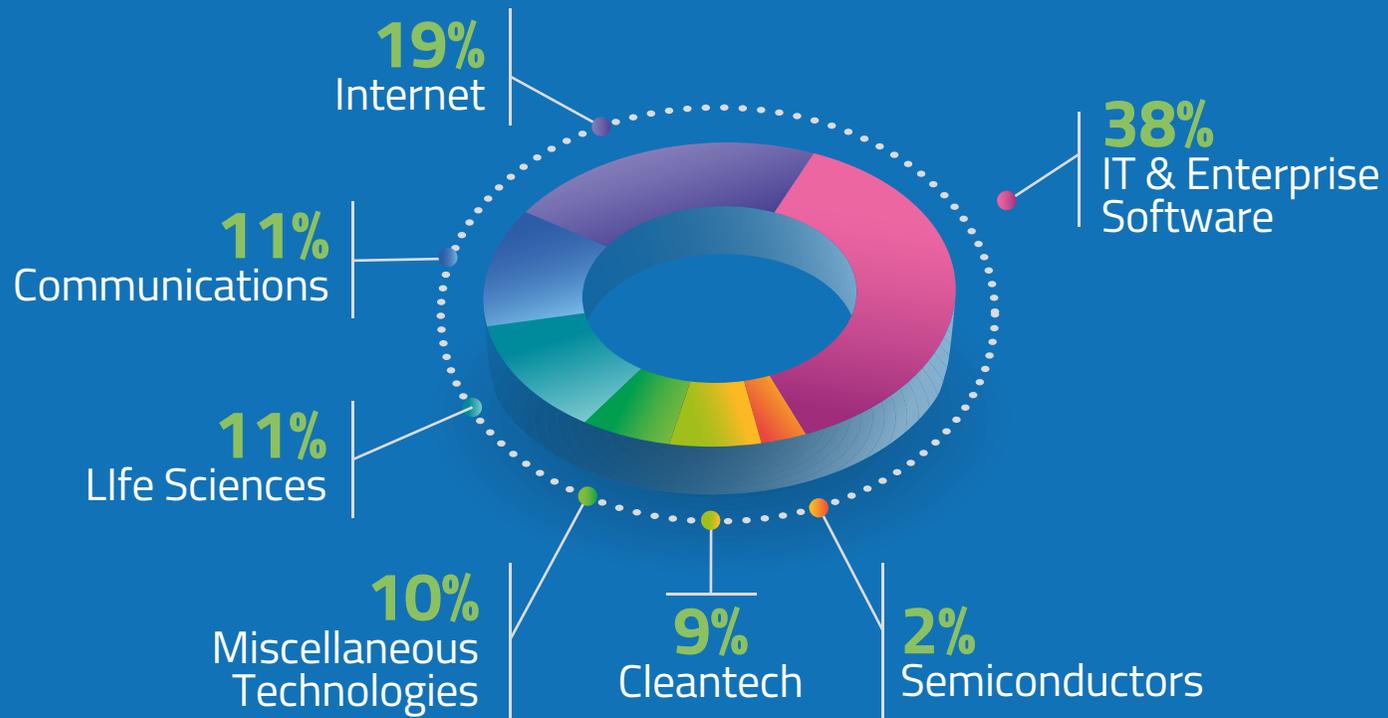


Furthermore, we found that a relatively small number of Israeli companies employ the majority of employees in Europe. These companies are mostly veteran and established Israeli corporations such as TEVA, NNG, NICE and AMDOCS. But even relatively young companies stand out - like Playtika and Wix.



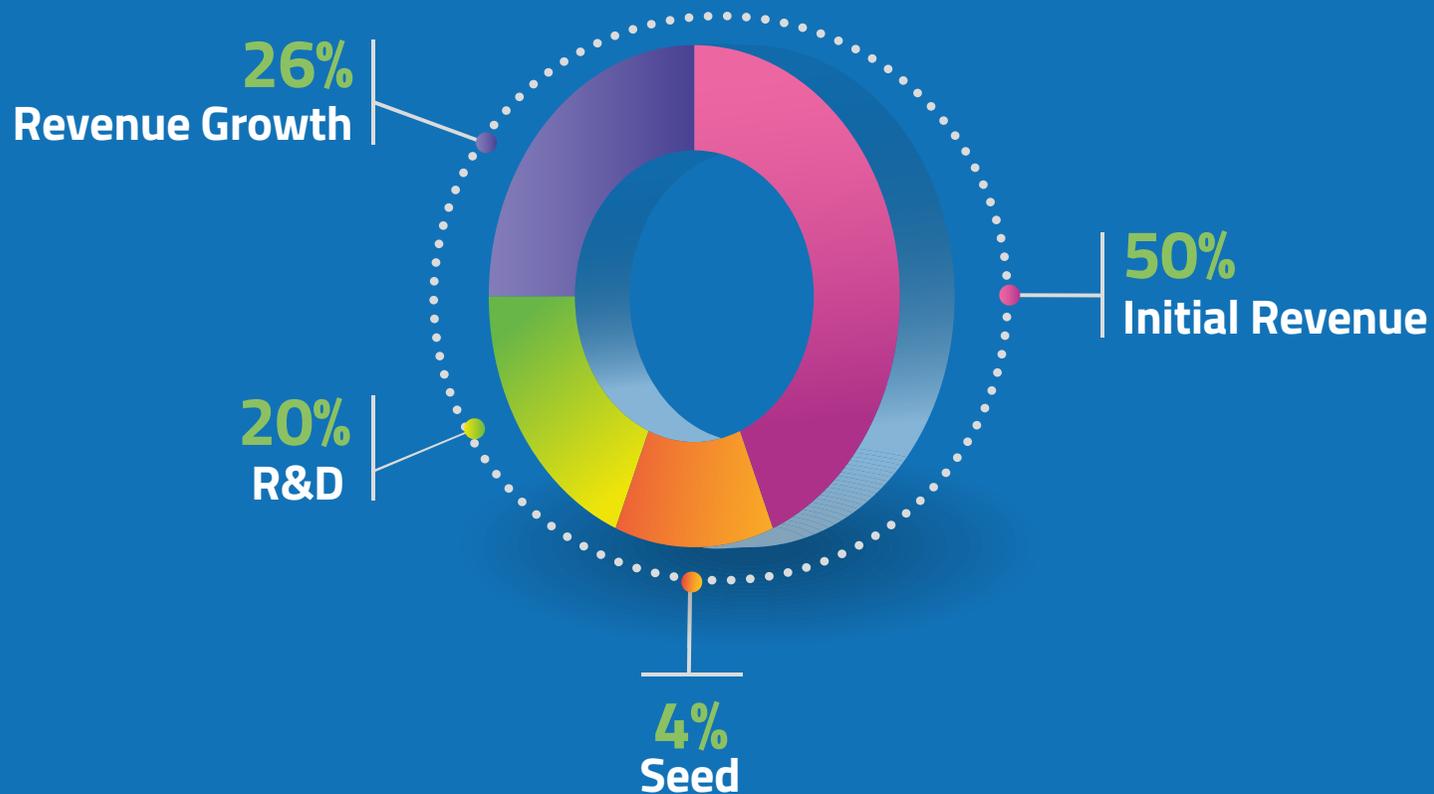
Sectors

The Israeli companies in Europe operate in a wide variety of sectors. The most prominent sector is IT & Enterprise Software, to which almost 38% of companies belong. It is followed by the Internet sector with close to 20% of the companies. The rest belong to the other sectors in a fairly similar distribution (between 9-11%) with the exception of the semi-conductors, which make up only 1% of the market.



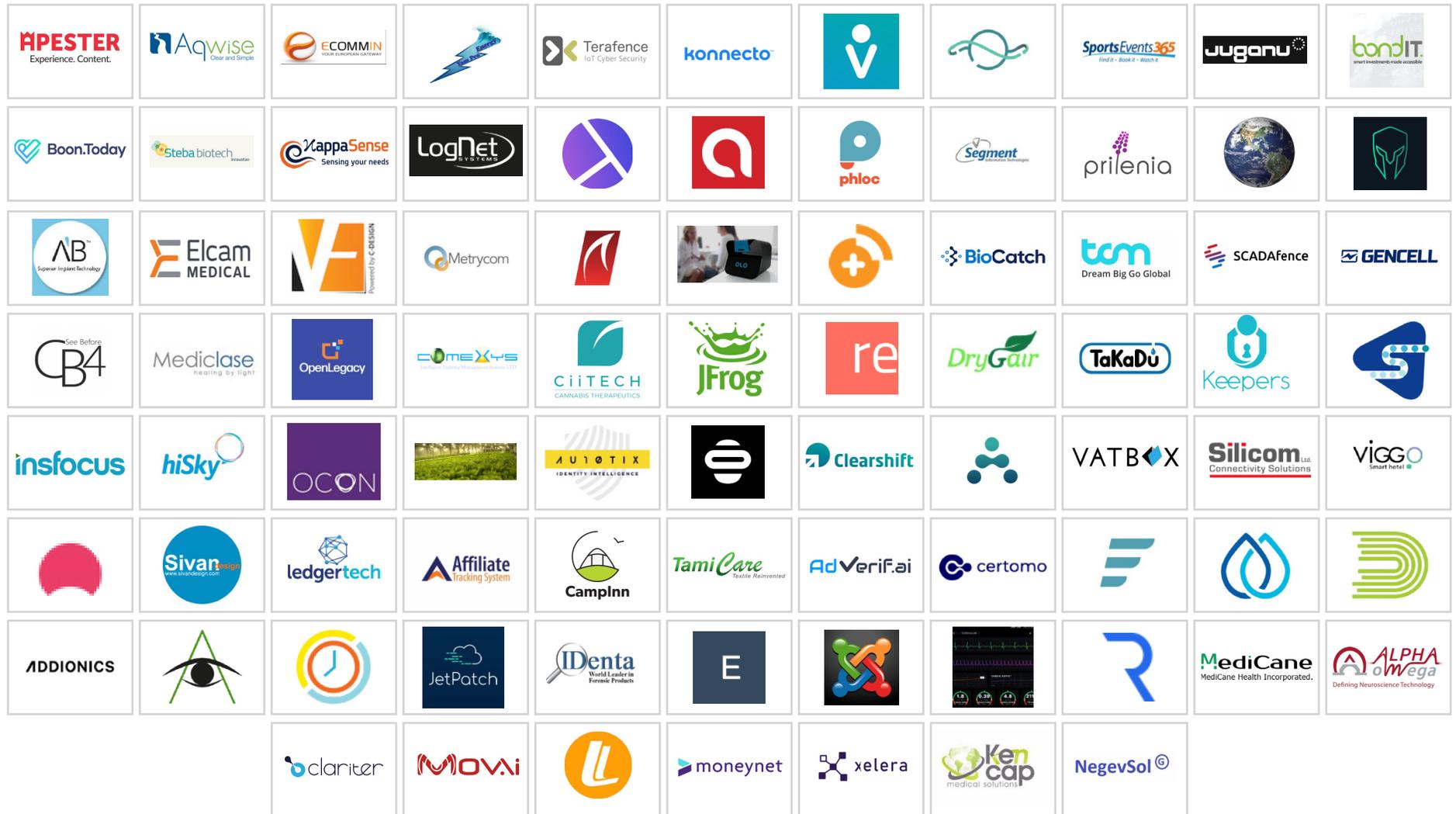
Stages

We further examined which stages each of these companies are currently in. Approximately half of them are in the Initial Revenues stage, a quarter are in the Revenue Growth stage, 20% are in the Research and Development stages, and only about 9% are in the Seed stage.



Diving in

In addition to the extensive data collection, we conducted a more in-depth survey among 89 companies during January-February of 2021 to complement the quantitative findings with qualitative inputs. We would like to thank the companies below who were actively involved in this report and helped us get a better understanding of the circumstances that led them to operate in Europe.



In-Depth Survey Highlights:



16%

of the companies
received EU funding



49%

Sales & Marketing accounts
for 49% of all activities in Europe.



37%

of the companies are expecting
a growth of 10+ employees in
the next year



15%

R&D operation accounts for 15%
of all activities in Europe.

Why EU?

We asked 89 Israeli companies why they decided to branch out in Europe.
An analysis of the responses provided 8 distinct categories:



Market
Potential/Growth



Geographic
Proximity



Cultural and
mentality
Similarity



EU Grants



European
Co-Founders/
Investors



Regulation
System



Product's Need or
Client's Demand



Production
Process

Why EU?



Market Potential/Growth



Product's Need or Client's Demand

The most common reasons for establishing branches in the EU were in terms of market potential and the desire for company growth. Many companies stated that they see the European market as having good potential for creating opportunities and increasing company sales.



Geographic Proximity



Cultural and mentality Similarity



Regulation System

Furthermore, we also discovered that the reasons were more practical -

As in cases of geographical proximity, mental and cultural convenience, or regulatory mechanisms that are more advanced and friendly in Europe. Grants were also mentioned several times as incentives that encouraged the establishment of the company's operations in Europe.



European Co-Founders/ Investors



EU Grants



Production Process

In some cases, the reasons lie in the composition of the company's founders, investors or scientists, and the move to Europe is likely to occur when the company is a product of cooperation between Israelis and Europeans.

What have the companies told us?



"The company received a grant worth 1.7 million euros that encouraged its establishment and operations in Europe"

"It has a large amount of manufacturing & critical infrastructure opportunities for us"

"We opened to have a single license for many markets"

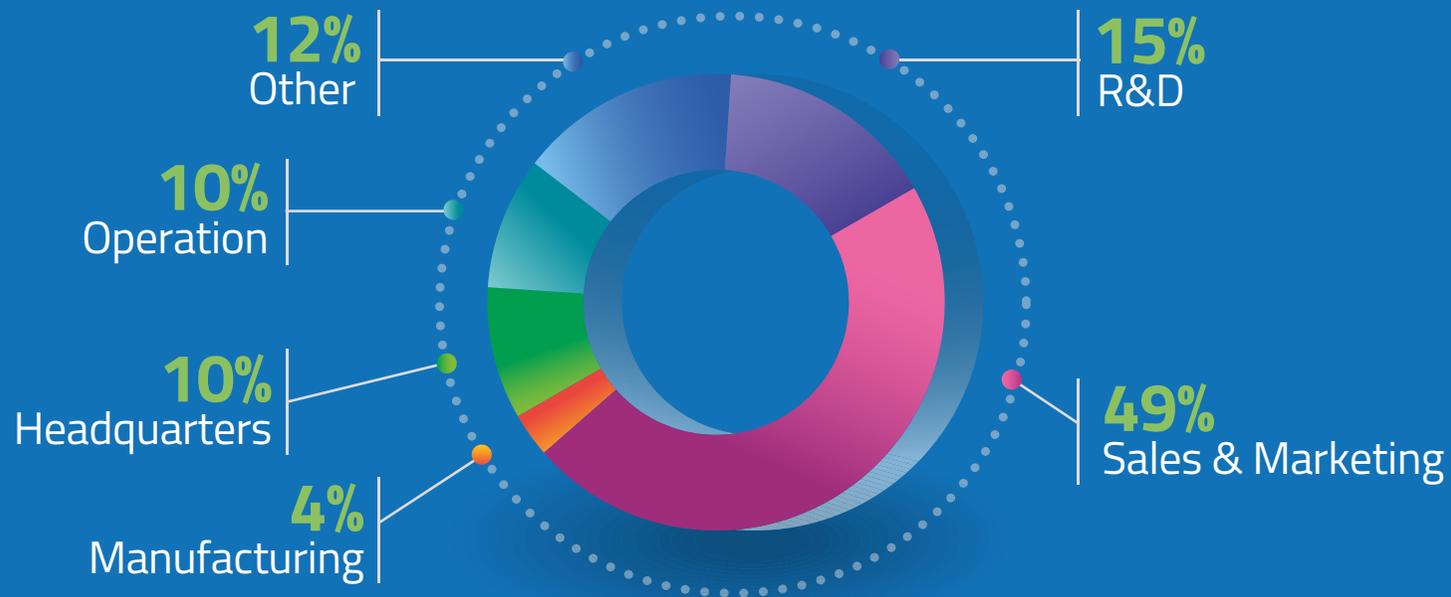
"A very large market for us, relatively close, advanced, easy to handle and manage"



Types of Activity in Europe

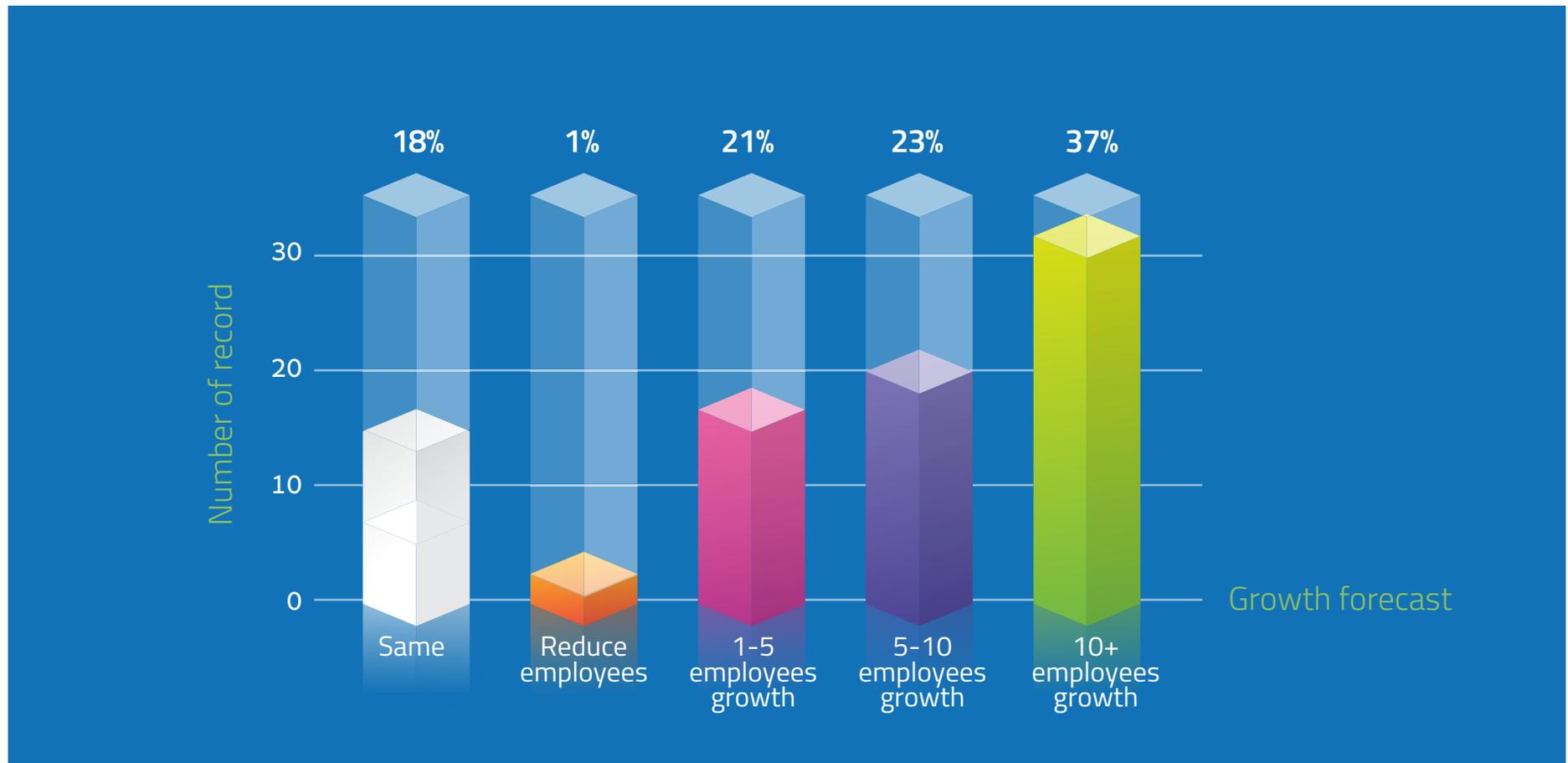
This graph demonstrates that Sales & Marketing is the main type of activity in Europe for Israeli companies.

In addition, other types of Support and Business Development activities were also mentioned in the surveys. Note that companies can have more than one type of activity in Europe. The following graph shows the number of times each type of activity was mentioned.



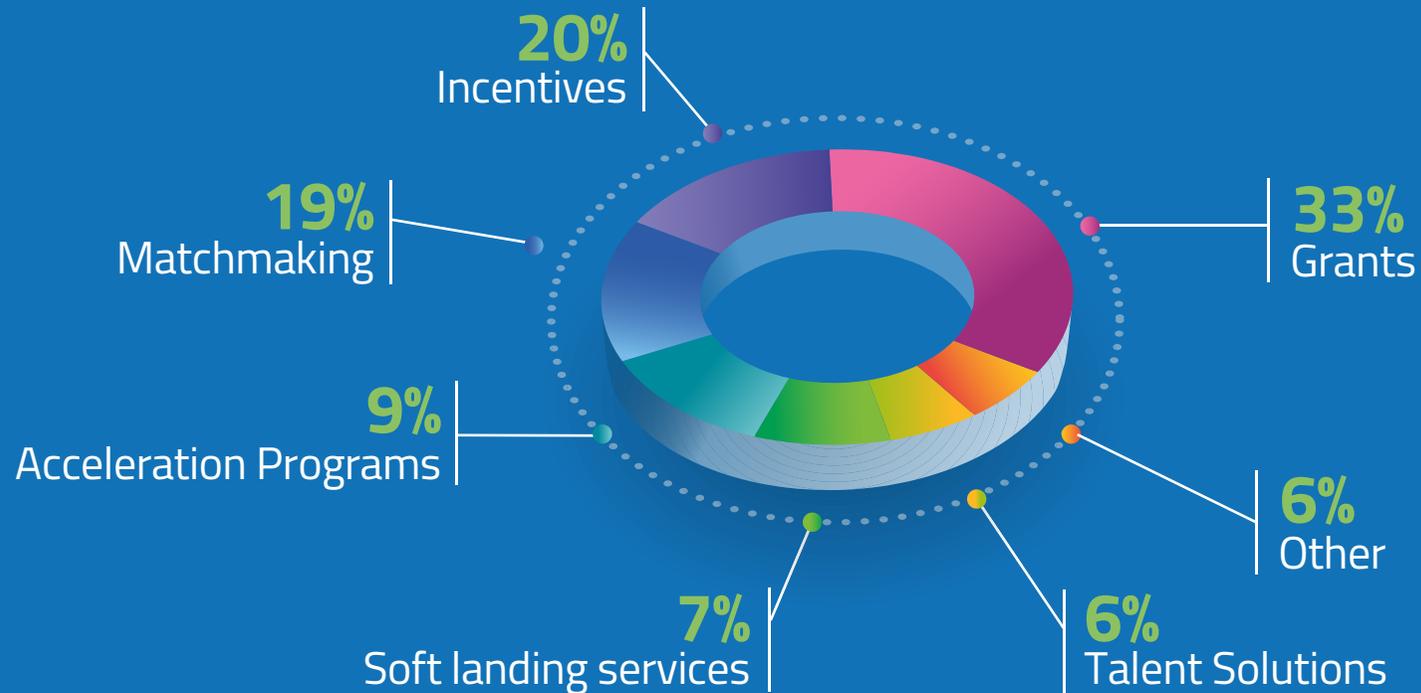
Growth Forecast

We asked the companies about their growth forecast. Despite the difficult year brought about due to COVID-19, nearly 40% of the companies that responded predicted their company expanding by at least 10 employees. About 20% predicted a more modest growth of between 5-10 workers, and a similar percentage predicted a growth of between 1-5 workers. Only 16 companies (18%) expected their company to remain at its current size,



Growth Vehicals

We asked the companies what would help grow their European activities. We analyzed the needs these companies have, determining five support machaniesm that will increase the Israeli economic activity in Europe. We found that a third of the replies mentioned grants, 20% mentioned incentives, and another 20% referred to matchmaking. In most cases they indicated more than one type of required support.



Summary and Next Steps

This report provides the first comprehensive overview of the Israeli tech companies operating in Europe. As such, it is a data based foundation portraying the Israeli European innovation ecosystem.

This interactive map will hopefully support policy makers, investors, startups and ecosystem managers in the design of effective future collaborations. It provides initial measurable tools and filters to help track and quantify the economic impact of Israeli companies operating in Europe.

We hope this report will enact a network of “connectors” that can help overcome language and cultural barriers to support reciprocal soft landing support. This network can act as the first point of contact to encourage fellow innovators to set up shop in Europe.

In conclusion, we hope that this report will become the catalyst for future research and innovation activity in order to enhance the economic impact of Israel and the EU.

We invite you to reach out to EIT Hub Israel, CQ Global or ISERD for any opportunities of partnership to help continue and enhance the business relationships in the tech ecosystems.

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