

Israeli Telecommunication Infrastructure Showcase



*Israel Trade
Commission*



data communications

*Wednesday 9th December 2009
Hilton Sydney*





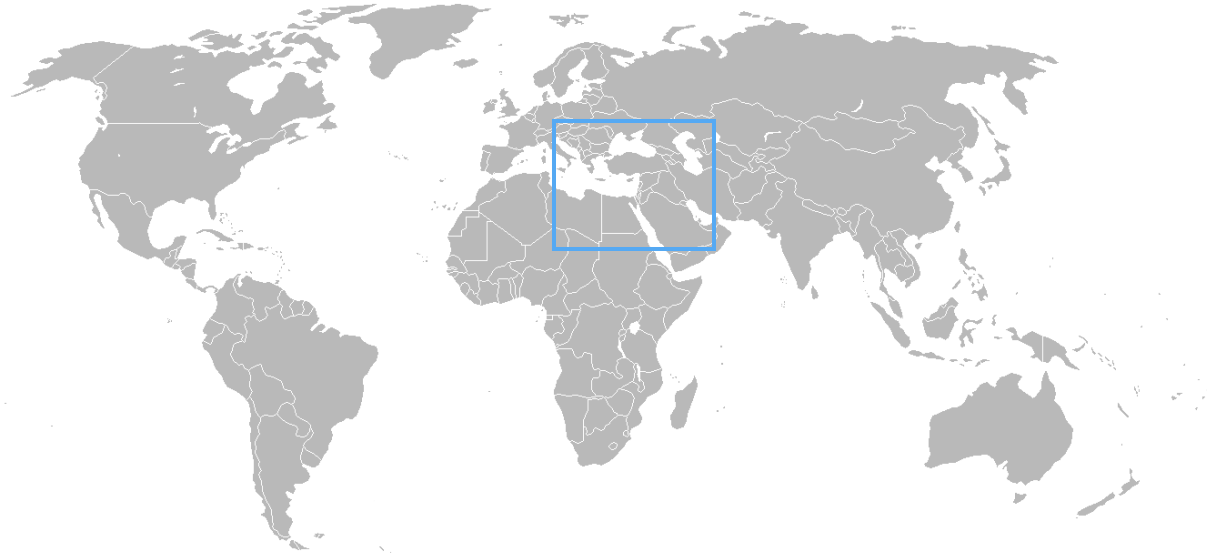
State of Israel
Ministry of Industry, Trade & Labor
Israel Trade Commission Sydney, Australia

ISRAEL

Where **Breakthroughs** Happen

Hilton Sydney
9th December, 2009

Country ID



Area: 22,000 sqkm

Population: ~ 7.4 millions

GDP: \$US199.4 billion (2008)

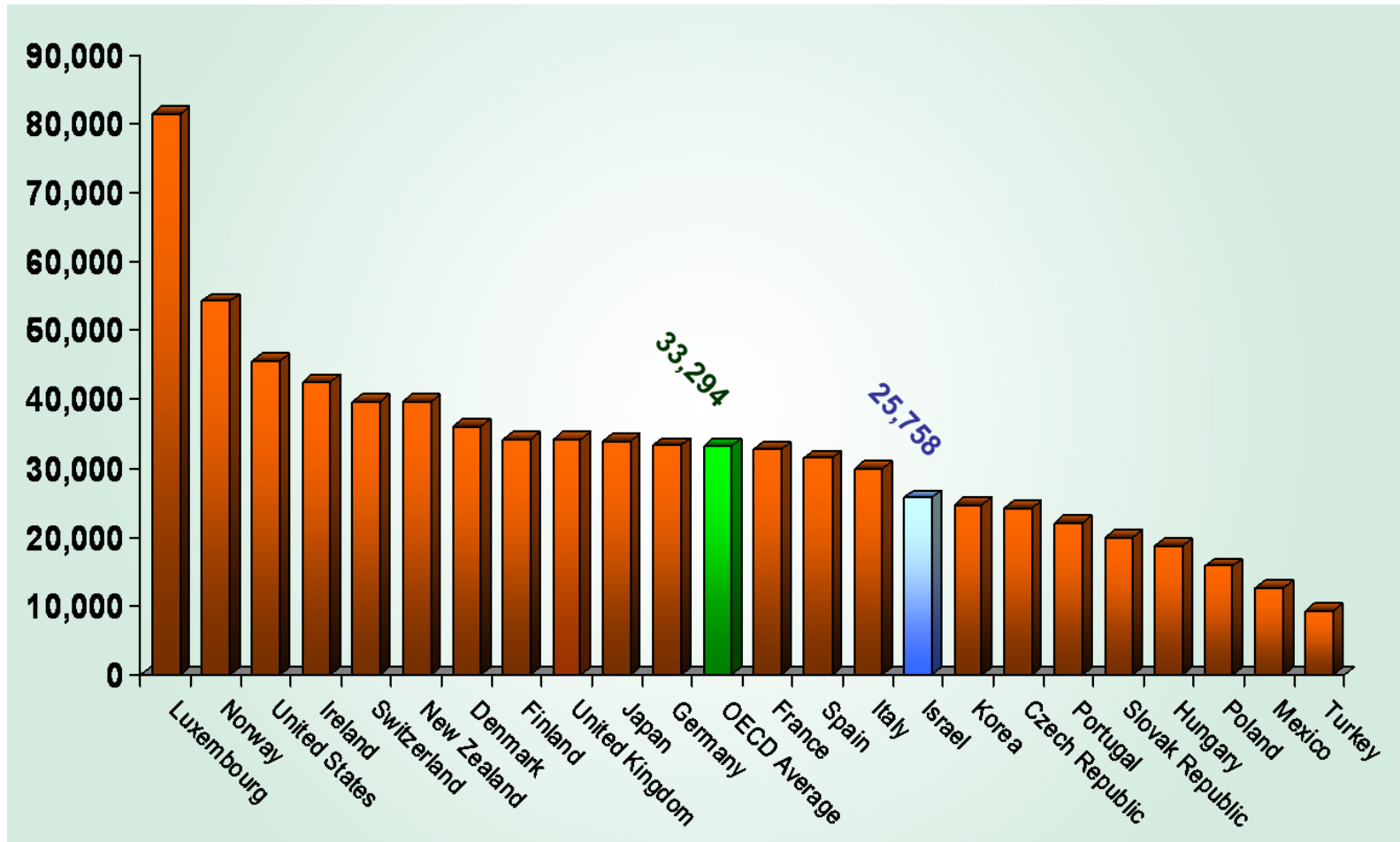
GDP Per Capita: \$US 27,355

Main Cities: Jerusalem, Tel-Aviv, Haifa, Be'er Sheva

Main Economic Indicators

Criteria	2005	2006	2007	2008	2009 (Q1-Q2)
GDP (current prices in \$B)*	133.2	144.0	164.1	191.8	91
GDP Real Growth Rate (%)	5.1%	5.2%	5.4%	4.0%	1%
GDP per Capita (PPP adjusted)**		\$24,271	\$26,226	\$27,355	
GDP per Capita Growth Rate (%, Current prices)	3.3%	3.3%	3.5%	2.1%	
Exports (Goods & Services)** \$B* (As Percentage of GDP)	57.2 (43.0%)	62.6 (43.5%)	71.2 (43.4%)	80.4 (40.3%)	35 (38.6%)
Imports (Goods & Services)** \$B* (As Percentage of GDP)	57.5 (43.2%)	62.2 (43.2%)	74.0 (45.1%)	84.1 (42.2%)	16 (35.5%)
Unemployment Rate (%)	9.0%	8.4%	7.3%	6.1%	7.6%

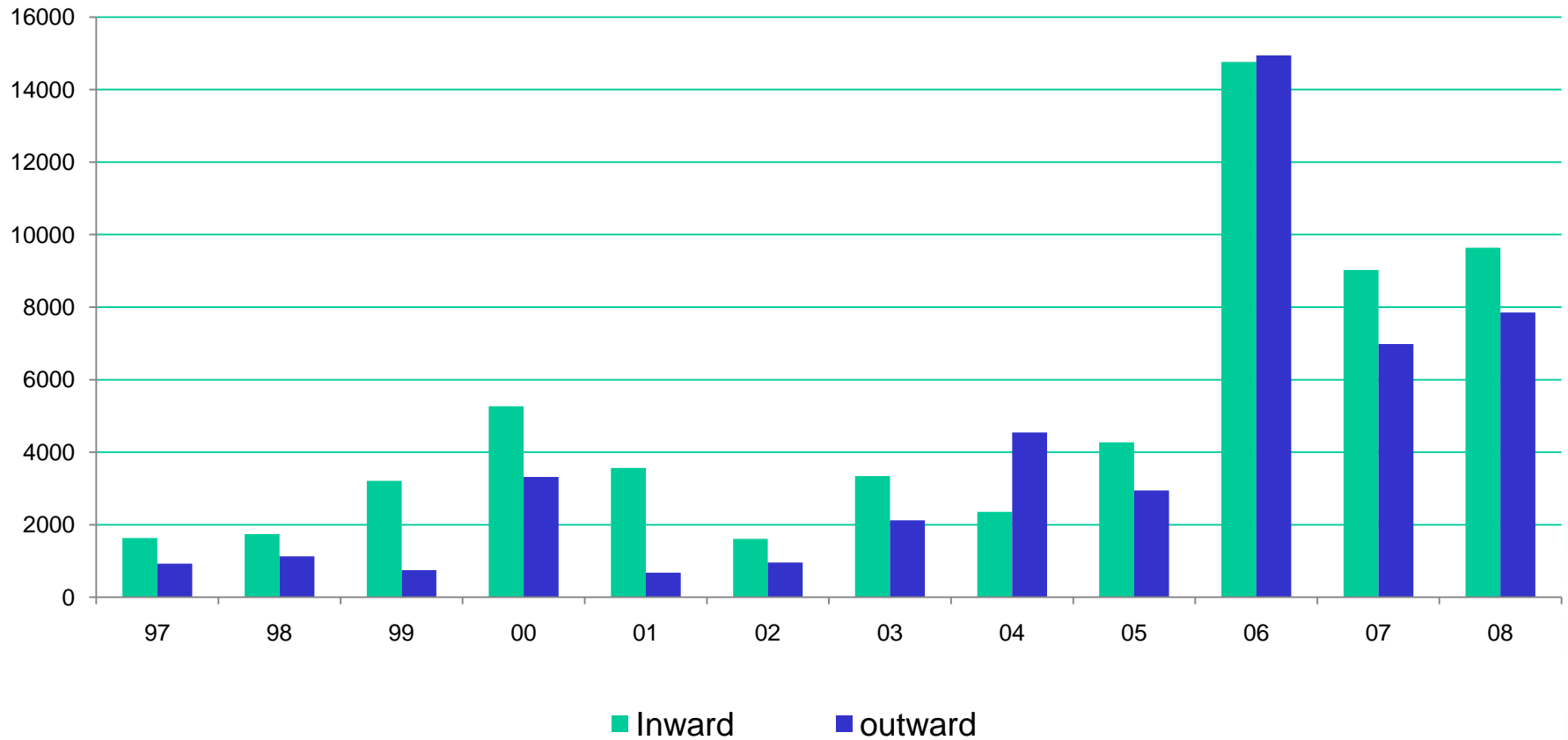
GDP Per Capita, OECD Comparison



Imports and Exports as % of GDP



Foreign Direct Investment (millions of US\$)



Foreign Companies Invested in Israel - Some Examples

US

- Microsoft
- Applied Materials
- AOL Time Warner
- Intel
- IBM
- Perrigo
- Cisco Systems
- GE Healthcare
- Lucent
- 3Com
- Hewlett Packard
- Stryker
- Motorola
- Sun Microsystems
- Johnson & Johnson
- Dentsply
- Kodak

Europe

- British Telecom
- SAP
- Philips Medical
- Alcatel
- Siemens
- Cable & Wireless
- Deutsche Telekom
- Telecom Italia
- Generali
- Nestle
- L'Oreal
- Danone
- Unilever
- Vilmorin
- Veolia
- Ferring
- MERCK Serono

Asia

- Sony
- Toyo Ink
- Fuji
- Honda
- Sumitomo Trading
- Nomura
- Samsung Electronics
- Daewoo
- LG Group
- Hyundai
- Acer Computers
- Macronix
- Winbond
- Hutchison Telecomm
- Scigen
- Jain Irrigation
- Sun Pharmaceutical

Multinationals...

Microsoft[®]

- Microsoft built their first R&D facility outside the US in Israel

CISCO SYSTEMS



- Cisco built their first R&D facility outside the US in Israel

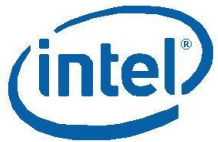


MOTOROLA

- Motorola's Israel facility is the company's largest development center worldwide.

IBM[®]

- IBM chose Israel for its first VC investment outside of the US

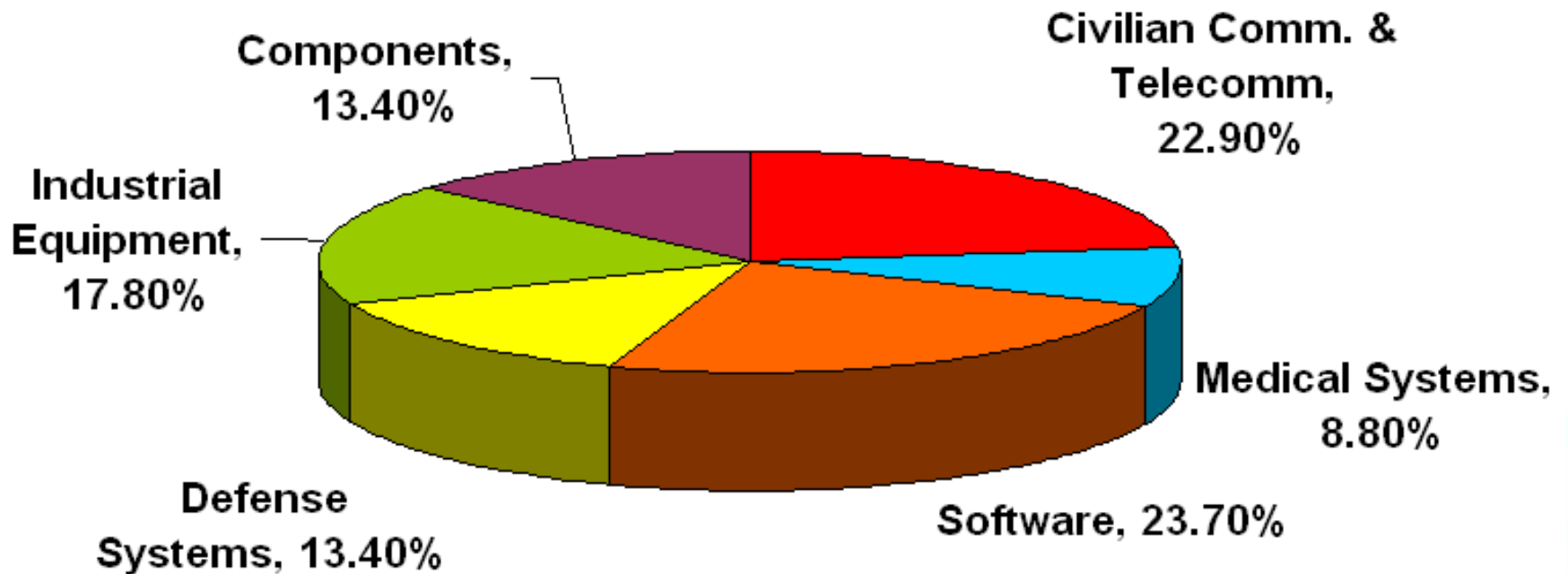


- Intel has 4 R&D facilities and 2 manufacturing centers in Israel, employing 7,000 Israelis

Google[™]

- Google opened not only one but two R&D centers in Israel

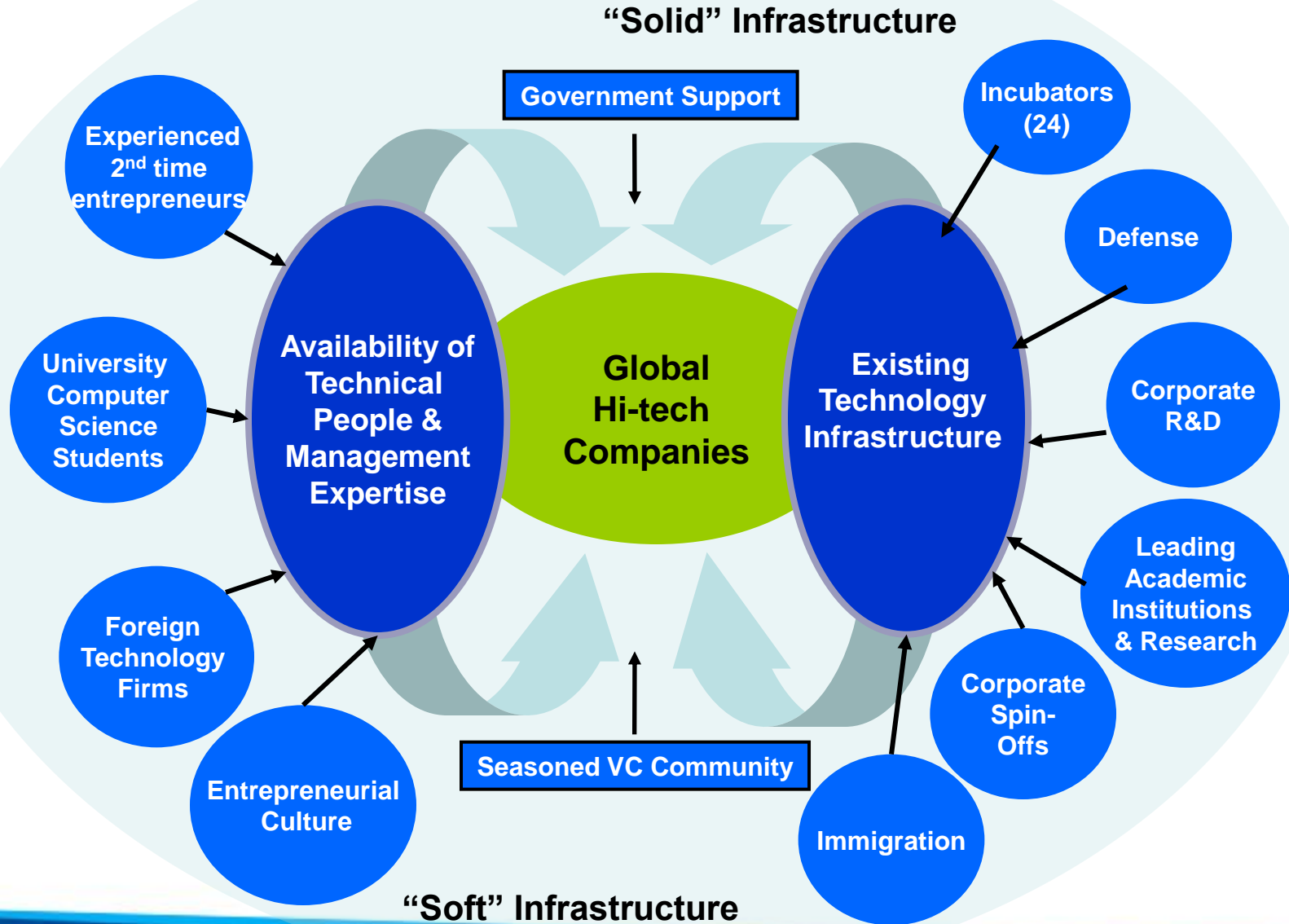
Israel's Electronics & Information Industries



Advanced Communication Infrastructure in Israel

- 85% of Internet connections are broadband.
- 89% Internet penetration to households.
- 92% Penetration of digital Multi-channel TV.
- 95% Penetration of Cable TV to households.
- 95% Penetration (of households) of telephone lines.
- 100% Home-Pass rate with 3 networks: Twisted - Pair (PPT), HFC (Cables) and 4 Wireless cellular providers.
- 104% penetration rate of Mobile phones (7.5 million).
- 6th in the World in Mobile Telephone subscribers (Per Capita).

Israel Hi-Tech Cluster



Significant Selected Mergers & Acquisitions

Acquirer	Amount	Sector	Company	Date
HP	4500 Mil	ICT	Mercury	Jul 2006
B. Hathaway	4000 Mil	Metal Cutting	Iscar	May 2006
Sandisk Corp	1550 Mil	ICT	M-Systems	Jul 2006
Sun Pharma	454 Mil	Pharma	Taro	May 2007
J&J	438 Mil	Life Sciences	Omrix	Nov 2008
Siemens	418 Mil	Clean Energy	Solel	Oct 2009
Spanion	368 Mil	Semiconductors	Saifun	Oct 2007
AOL	363 Mil	Software	Quigo	Nov 2007
Medtronic	300 Mil	Medical Dev.	Ventor	Feb 2009
St. Jude Medical	300 Mil	Intra Body Nav	Mediguide	Dec 2008
Microsemi	245 Mil	Semiconductors	PowerDsine	Apr 2007
Vector Cap.	160 Mil	Software	Aladdin	Jun 2009
Samsung	150 Mil	ICT	Transchip	Nov 2007

Israeli Breakthroughs – Selected Examples

- Comverse – Integration of voice, fax and call process functions.
- VocalTec – Invented IP Telephony.
- Nice Systems – First to enter Voice over IP (VoIP) Market.
- RADVision – Developed core standard Protocol of VoIP.
- Runcom – First to introduce mobile WIMAX compliant ASIC.
- Mirabilis – Invented AOL Instant Messenger ICQ.
- ECI Telecom – Introduced toll-quality international traffic compression, first to enable two calls on the same phone line.
- Modu – Developed “Credit Card” size cellular handset.

Israeli Breakthroughs – Selected Examples



- Given Imaging – First ingestible video camera used to view the small intestine and diagnose disorders



- Intel's Core 2 Duo, Centrino and Pentium 4 microprocessors



- M System's Disk on Key and Disk on Chip flash memory



- GE Healthcare's portable cardiac ultrasound system



- The Phillips Brilliance CT Scanner



- IP Telephony invented by founders of Vocal Tec



- AOL Instant Messenger ICQ



- Zip compression technology

Israel's Competitive Edge

Country Rank →	1st	2nd	3rd	4th
BUSINESS EXPENDITURE ON R&D	Israel	Sweden	Japan	Korea
TOTAL EXPENDITURE ON R&D AS A PERCENTAGE OF GDP	Israel	Sweden	Finland	Japan
AVAILABILITY OF QUALIFIED ENGINEERS	Singapore	Israel	Chile	Taiwan
KNOWLEDGE TRANSFER BETWEEN INDUSTRY AND ACADEMIA	Singapore	Israel	Switzerland	U.S.A
VENTURE CAPITAL AVAILABILITY	U.S.A	Hong Kong	Israel	Singapore
INFORMATION TECHNOLOGY SKILLS	Sweden	Singapore	Israel	U.S.A
RESILIENCE OF THE ECONOMY	Australia	Denmark	Switzerland	Israel

Israel Ranks 20

Israel's innovative ranking

The
Economist

	2002-06	2004-08	2009-13
Japan	1	1	1
Switzerland	2	2	2
Finland	5	3	3
USA	3	4	5
Sweden	4	5	7
Germany	6	6	4
Taiwan	8	7	6
Netherlands	9	8	9
Israel	10	9	8
Denmark	7	10	10
South Korea	15	11	11
Austria	11	12	12
France	12	13	13
Canada	13	14	15
Belgium	14	15	14
Singapore	17	16	16
Norway	16	17	17
UK	18	18	19
Ireland	19	19	20
Australia	21	20	18

Summary

- Israel is a center of innovation and technological excellence
- Israel is a leading entrepreneurial society
- Israel enjoys an excellent track record in breakthrough discoveries and innovations
- Future results are expected to improve due to the maturity of the market
- Foreign companies can cost effectively conduct cutting edge research in Israel
- Israel's government and policies strongly support investment and economic growth



State of Israel

Ministry of Industry, Trade & Labor

Israel Trade Commission
Sydney

<http://www.israeltrade.org.au/>

Invest in Israel
investment promotion center