



**BIRD** Israel-U.S. Binational Industrial Research and Development Foundation

# Annual Report 2006

Accelerating Growth Through Strategic Partnerships



To stimulate promote and support industrial R&D  
of mutual benefit to Israel and the U.S.



## 2006 Annual Report

Israel's hi-tech sector is a key contributor to its economy. Accounting for approximately 50% of the nation's exports\*, it has become a powerful engine for economic growth. Israel reached a record level of more than \$22B in foreign investments in 2006, out of which about 50% were direct investments in hi-tech companies. In 2006 alone, over 40 Israeli companies were acquired by international investors.

For the past 30 years the BIRD Foundation has made significant contributions to these developments. From the '70s, when the Israeli hi-tech industry was in its infancy, through the hard years of the "bubble" after-shock, to the present, more mature environment of second and third generation entrepreneurs, the BIRD Foundation has been a steadfast supporter of the Israeli technological sector.

Due to the inevitably small domestic market, a key issue from the 1970s to now has been the need for Israeli companies to seek global presence at a very early stage. The U.S. in particular holds many advantages for most of these hi-tech companies, as it is a large, relatively sophisticated and homogenous market. As a result, over the years Israelis have developed a better understanding of American business culture.

There is no better formula for penetrating a U.S. market niche than to form a successful strategic partnership. This has been proven and re-proven by small companies and large in a broad variety of fields. It saves time and money, allowing young companies as well as mature ones to focus their resources on technology and product, instead of wasting them on futile marketing trials and errors. However, achieving a successful partnership - as with any association of humans - is not a trivial endeavor.

It is at this crucial juncture that BIRD has been offering great value to Israeli companies for the past 30 years. BIRD supports partnerships with U.S. companies by funding joint innovative projects, thus acting as a catalyst to emerging alliances. In addition, BIRD's highly networked team can be instrumental in helping companies find partners.

An important aspect of the BIRD approach is the concept of *mutual benefit*, as stated in Article II of BIRD's original 1977 charter\*\*. The benefit to Israeli companies is clear. What is in it for their U.S. partners?

U.S. industries, global leaders in many sectors, generally have an overwhelming advantage over the rest of the world. The main challenge faced by many U.S. companies is fierce competition from home and abroad. Small and medium-size companies are always on the lookout for an opportunity to move ahead of their competitors - while still maintaining profitability. Larger enterprises are typically concerned with disruptive technologies emerging from smaller, more innovative competitors. A large number of U.S. companies, recognizing Israel as fertile ground for innovation, have become proactive in their search for partnering opportunities. BIRD can assist U.S. companies in identifying opportunities, as well as provide funding for innovative and perhaps even riskier collaborations.

Changes can open wide opportunities for innovation in many areas of our lives. We are witnessing this phenomenon in real time, for example, in the field of wireless internet technology. To take another example, an upswing of innovation is seen to be imminent in technologies related to alternative energy and "cleantech". The BIRD way of thinking is to constantly search for innovation and business potential while fostering U.S.-Israeli partnerships. The "meeting of minds" - the brainstorming that takes place during encounters between companies from two very different environments - produces new ideas characterized by enhanced "market-match," which eventually lead to successful BIRD projects. This is our version of *synergic innovation*.

2006 was a very fruitful year, both in projects submitted and approved, and in other important activities promoted and sponsored by BIRD. A summary of these projects, along with some statistics, can be found in the following pages. Additional information is available on our updated website and in the quarterly newsletter we started publishing last year.

As we rapidly approach our 30<sup>th</sup> anniversary, I'd like to affirm BIRD's commitment to existing in a state of perpetual renewal, while still maintaining the basic values which have made this organization such a success.

**Eitan Yudilevich, Ph.D.**  
Executive Director

\* Not including diamonds

\*\*The BIRD Agreement between the U.S. and the Israeli Governments was signed on March 3, 1976. It entered into force on May 18, 1977, when the endowment funds were provided by both governments.

# BIRD Foundation Staff



**Ms. Limor Nakar-Vincent**  
East Coast and Midwest Representative

**Dr. Yuval Weiss**  
Chief Business Officer

**Dr. Eitan Yudilevich**  
Executive Director

**Dr. Ron Maron**  
Director, Business Development

**Ms. Michal Miasnik**  
West Coast Representative



**Ms. Einat Spivak**  
Senior Administrative Assistant

**Ms. Ruth Baum**  
Accounting Assistant

**Mr. Shlomo Cohen**  
Chief Financial Officer

**Ms. Chava Doukhan**  
Office Manager

**Ms. Maha Mansour**  
Information Systems Manager



# WE

**discover**

potential winning  
companies

**foster**

innovation through  
U.S. - Israeli  
partnerships

**support**

cutting edge  
technologies

**facilitate**

company to company  
relationships

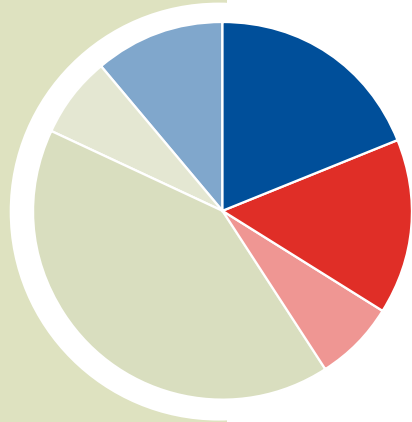
**encourage**

shared development  
and marketing

**share**

funding and risk

## Distribution of BIRD Projects in 2006, by Industry



- 41% Life Sciences
- 19% Communications
- 15% Electronics
- 11% Software
- 7% Homeland Security
- 7% Other

## Activity Summary - 2006

### Direct Sales

2006 --> \$80 million

Cumulative --> \$ 4.4 billion

### Repayments

2006 --> \$2 million

Cumulative (from 331 projects) --> \$82 million

### Grant Payments

2006 --> \$11 million

Cumulative --> \$245 million

### Approved Projects

Full-scale projects - 2006 --> 25 projects

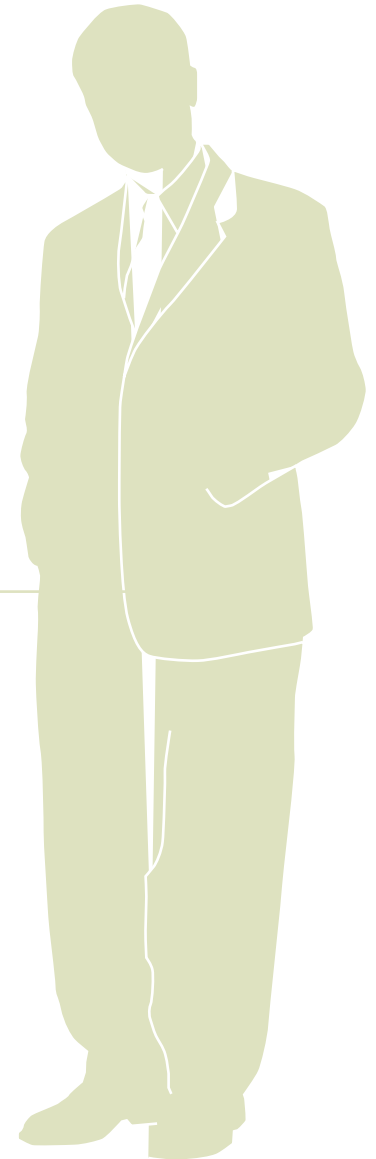
Cumulative --> 572 projects

Mini projects - 2006 --> 2 projects

Cumulative --> 171 projects

Total Projects - 2006 --> 27 projects

Cumulative --> 743 projects



# List of Approved Projects 2006

## ▶ Communications



Reprogrammable packet processor; Cellular international roaming technology; Optimized modem for IP based broadband wireless; High scale session director for enterprises; Compact, low cost antenna system for rear seat live entertainment

- ▶ Dune Semiconductor / Altera (CA)
- ▶ GlobalSim / iBasis (MA)
- ▶ Provigent / U.S. Company
- ▶ Radware / Avaya (NJ)
- ▶ RaySat / TriQuint (OR)

## ▶ Electronics



System chip to enhance graphic process units performance; Depth camera, 3D content acquisition; High density SIM based on flash memory for mobile applications; Active RFID tags for tracking assets

- ▶ Lucid / Open-Silicon (CA)
- ▶ Mantis-Vision / Cypress Semiconductors (CA)
- ▶ M-Systems / Spansion (CA)
- ▶ SandLinks / GE-GRC (NY)

## ▶ Life Sciences



Combined peripheral perfusion and pulse oximetry monitoring system; Non-invasive physiological monitoring using real time video signals; Intra-vaginal device for prevention of urinary incontinence; Frozen osteoarticular allograft for cartilage repair; Non-invasive device for treatment of obesity; Treatment of malignant melanoma; Adjuvant/vaccine delivery using a microneedle technology; Improvements in dairy food manufacturing processes; Anti-idiotypic therapeutics treatment for autoimmune and systemic inflammatory diseases; micronRNA based development of liver cancer drug; Cattle health diagnostic system

- ▶ Cardiosense / Spacelabs (WA)
- ▶ CNOGA / Texas Instruments (TX)
- ▶ ConTIPI / U.S. Company
- ▶ Core Dynamics / Musculoskeletal Transplant Foundation (MTF) (NJ)
- ▶ Exotech Bio Solutions / Gelesis (MA)
- ▶ GammaCan / Life Therapeutics (GA)
- ▶ NanoPass / IDRI (WA)
- ▶ Nutricognia / Chromadex (CA)
- ▶ OMRIX Biopharmaceuticals / The BioSolutions Group (MA)
- ▶ Rosetta Genomics / Isis Pharmaceuticals (CA)
- ▶ Veterix / DeLaval (MO)





## ▶ Software

Voice portal for branch self-service; Enhanced location service enabler; Real time 3D modeling on a CBE (Cell Broadband Engine)

- ▶ AE40 / Avaya (NJ)
- ▶ Septier Communications / Telcordia Technologies (NJ)
- ▶ Tidex / IBM (VA)



## ▶ Homeland Security

ID kiosk enhanced with advanced document checking capabilities; Information sharing and intelligence analysis system

- ▶ MITAM / GE-Security (CA)
- ▶ Svivot / Enforsys (NJ)



## ▶ Other

Production of biofuel from algae, capturing emissions from power plants; Concrete reinforcement technology based on advanced synthetic fibers

- ▶ Algatechnologies / GreenFuel (MA)
  - ▶ Polyssive / Solomon Colors (IL)
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# Financial Summary

	Income				Grant Payments	
	Endowment		Repayments			
	Year (M\$)	Cum. (M\$)	Year (M\$)	Cum. (M\$)	Year (M\$)	Cum. (M\$)
2002	7	167	3	72	10	205
2003	7	174	2	74	9	214
2004	7	181	3	77	11	225
2005	7	188	3	80	9	234
2006	8	196	2	82	11	245

## Income

BIRD's annual income is comprised of interest on the Endowment Fund and Repayments from companies who have participated in projects that were successful. This annual income is at a level that permits BIRD to meet all its financial obligations timeously.

Since its inception BIRD has received interest of approximately \$196 million on the Endowment Fund and Repayments of approximately \$82 million from successful projects. Over this period Grant Payments to companies have reached approximately \$245 million.



# Board of Governors 2006

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The Board of Governors meets semi-annually – in the U.S. in June/July and in Israel in November/December. Each government has three representatives on the Board. In addition, there are three advisors to the Board.

## Israeli Governors

- ▶ **Dr. Yossi Bachar** Director General, Israel Ministry of Finance
- ▶ **Mr. Gabby Maimon** Director General, Israel Ministry of Industry, Trade & Labor
- ▶ **Dr. Eli Opper** Chief Scientist, Israel Ministry of Industry, Trade & Labor

## U.S. Governors

- ▶ **Mr. Ken Ferguson** Senior Foreign Affairs Officer, Office of Science and Technology Cooperation; Bureau of Oceans and International Environmental and Scientific Affairs  
U.S. Department of State
- ▶ **Mr. Malachy Nugent** Director, Office of Middle East and South Asian Nations  
U.S. Department of the Treasury
- ▶ **Mr. Marc Stanley** Director, Advanced Technology Program, NIST  
U.S. Department of Commerce

## Board members and others who have acted on behalf of the Board during 2006

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- Mr. Josef Dancona** Israel Ministry of Industry, Trade & Labor
- Mr. Ra'anan Dinur** Israel Ministry of Industry, Trade & Labor
- Mr. George Dragnich** U.S. Department of State
- Mr. Yossi Gordon** Israel Ministry of Finance
- Ms. Magdalena Navarro** U.S. Department of Commerce
- Mr. Udi Sheintal** Israel Ministry of Industry, Trade & Labor

## Advisors to the Board during 2006

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- Dr. Dean Baker
- Dr. Stephen Carpenter
- Mr. Martin Gerstel
- Mr. Dan Tolkowsky

## BIRD Representatives in the U.S.

### Atlanta, GA – America-Israel Chamber of Commerce, S.E. Region

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### Cleveland, OH – Ohio-Israel Chamber of Commerce

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### Philadelphia, PA – America-Israel Chamber of Commerce

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### Trenton, NJ – New Jersey - Israel Commission

**Andrea Yonah**

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### Vienna, VA – Virginia Israel Advisory Board

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## Economic Missions working with BIRD in the U.S.

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### Washington, D.C. – Israel Embassy

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The background is a light olive green with a pattern of thin white lines. In the top-left corner, there is a cluster of small white stars. The rest of the background is filled with various geometric shapes and lines, including a large white Star of David in the bottom-left. A solid red vertical bar is on the right side of the image.

# 30 Years of Collaboration

**BIRD** Israel-U.S. Binational Industrial Research and Development Foundation

# BIRD Offices

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## BIRD Foundation Headquarters - Israel

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