

BioR&D

BIRD Foundation: Funding Israeli-American Collaborations for Developing and Commercializing Innovative Technologies

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ABSTRACT

The Israel-U.S. Bi-national Industrial Research and Development (BIRD) Foundation was established by the U.S. and Israeli governments in 1977 to generate mutually beneficial cooperation between U.S. and Israeli hi-tech companies from the private sector. This article highlights the matchmaking services between U.S. and Israeli companies provided by the Foundation as well as funding for qualifying projects, covering up to 50 percent of project development and product commercialization.

INTRODUCTION

BIRD (www.birdf.com) is an acronym for the Israel-U.S. Bi-national Industrial Research and Development Foundation. It was established by the U.S. and Israeli governments in 1977 to generate mutually beneficial cooperation between U.S. and Israeli hi-tech companies from the private sector. BIRD provides matchmaking services between U.S. and Israeli companies as well as funding for qualifying projects, covering up to 50 percent of project development and product commercialization.

OVERVIEW AND BENEFITS OF BIRD GRANTS

The Israel-U.S. Bi-national Industrial Research and Development Foundation (BIRD) Foundation supports projects without receiving any rights to them from the participating companies. The financial assistance it provides is repaid only as royalties from sales. The Foundation offers support of up to 50% of a project's budget, starting with R&D and continuing through the initial stages of sales and marketing. The Foundation shares the risk and does not require repayment of its investment if the project fails to reach the sales stage.

Any pair of companies, one Israeli and one American, may jointly apply for BIRD support so long as they have the combined capability and infrastructure to define, develop, manufacture, market, sell and support an innovative product based on industrial R&D.

BIRD has been supporting U.S.-Israeli partnerships for almost 29 years. Since coming on board as Executive Director on January 1, 2006, I have had the opportunity to meet with a variety of companies and individuals that have benefited from BIRD's support in the past, and others that are still benefiting from it today. The feedback I have received has been overwhelming. Managers and entrepreneurs from both well-established companies and from smaller, relatively new companies in Israel and in the US alike have shared with me their success stories. As a newcomer to BIRD, I can only say that I am very proud to be part of this endeavor.

ISRAEL: A HOTBED OF INNOVATION AND NEW IDEAS

Israel has become a hotbed of innovation and new ideas. This is apparent in many areas such as networking, security, wireless technology, homeland security, biotechnology, medical devices, and more. Per capita, Israel has the highest number of start-up companies in the world. In absolute terms, Israel is second only to the U.S. both in the number of start-up companies (3,500, mostly hi-tech) and the number of companies traded on NASDAQ. Israel attracts twice the amount of venture capital investments as the whole of Europe.

Why is Israel so strong technologically? There are a variety of reasons.

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Dr. Eitan Yudilevich has been the Executive Director of the BIRD Foundation since January 1, 2006. He joined BIRD with vast international experience after a varied career in Israel and the U.S., including management of Rafael's operations in the U.S. for four years. In his last position at Rafael, Dr. Yudilevich served as Vice President of Marketing and Business Development.

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Education, for one: Israel's workforce is one of the most educated in the world, with 24% holding university degrees. This ranks Israel third in the industrialized world, after the United States and Holland. A further 12% of the workforce holds advanced degrees. Israeli scientists are educated both at Israel's own excellent institutions for higher education, and abroad, at some of the world's top universities. Israel publishes significantly more scientific papers per capita than any other country - 109 per 10,000 people.

Another important factor explaining the large number of Israeli high tech entrepreneurs is the country's army experience. In Israel, it is mandatory for men and women to serve in the army once they have finished high school. Technically-oriented soldiers manage new technologies and applications, and, when given projects to develop, are offered the rights to any intellectual property they create. Since great value is placed on applied research, it is no wonder that many of these trained teams are involved in spinning off the technologies they have produced into the commercial arena. Israel's breakthrough technologies often result from converging areas including physics, mathematics, computer science, nanotechnology, and materials.

Cultural factors also play a part. The Israeli culture encourages and rewards risk-taking and entrepreneurship. Israel is noted for its entrepreneurial spirit, ranking third in the world for the number of entrepreneurs in the general population and highest for women and individuals in the 55+ age bracket.

Building start-ups has become the national sport, and successful entrepreneurs have become the country's local idols. In fact, some 30% of Israeli entrepreneurs have previously built and successfully sold their

companies.

This spirit extends as well to patent registration. Israel has one of the highest numbers of patent filings per capita. According to Business Data Israel (BDI), Israel was ranked 3rd out of 148 countries in terms of the number of patents filed per 10,000 residents.

Nevertheless, due to the small domestic market, Israeli companies must work extremely hard to introduce their technologies and capabilities to the global market. Many, if not

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most, companies seek to penetrate the U.S. market. Having a presence in the U.S. market typically opens additional opportunities in other global markets. It is at this critical juncture that BIRD offers great value to Israeli companies, by supporting partnerships with U.S. companies. BIRD funding can become a catalyst to an emerging partnership. In addition, our highly networked team can be very instrumental in helping a

company find a partner.

U.S. industries, often the global leaders in many sectors, generally have an overwhelming advantage over the rest of the world. The main challenge that many U.S. companies face is fierce competition from home and from abroad. Small and medium-size companies are always looking for an opportunity to move ahead of their competitors while maintaining profitability. Large enterprises are typically concerned with disruptive technologies emerging from smaller, innovative competitors. A large number of U.S. companies, recognizing that Israel is a fertile ground for innovation, have become proactive in searching for partnering opportunities. Israeli companies can bring a significant edge to American companies that are struggling to maintain their competitive edge. We at BIRD can assist U.S. companies in identifying these opportunities as well as providing funding for innovative and perhaps riskier projects.

SUMMARY

As part of our constant search for innovation and business opportunities in U.S.-Israeli partnerships, we are open to projects in new areas. In addition to the more well-established areas of communications, electronics, life sciences, software, and more recently, homeland security, we are interested in emerging areas such as nanotechnology, alternative energy, water, and environmental technologies. BIRD is open to funding risky projects - as long as the U.S. and Israeli partner companies can demonstrate sound capabilities and proven access to the market. BIRD shares the risk with the companies and are ultimately rewarded when we foster fruitful partnerships that result in successfully commercialized products. 