

First California cleantech mission to Israel hailed as a success

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Venture capitalists and representatives of some of the biggest companies in the US who came to Israel as part of the first California Israel Chamber of Commerce (CICC) cleantech delegation were "blown away" by the level of innovation and complexity they encountered during their stay, organizers of the delegation told *The Jerusalem Post* on Thursday.

The CICC has brought hundreds of investors from California to Israel in the past, but this was the first time they specifically focused on environmental technology, or cleantech.

During their three-day visit, the participants were introduced to some of Israel's biggest cleantech companies and most promising startups. They toured the Ashkelon desalination plant, currently the largest reverse osmosis plant in the world. They also met with President Shimon Peres and were hosted by the US ambassador to Israel.

"I didn't have huge expectations for this particular delegation. It was more of a test to see what was here," said Isaac Applbaum, CICC chairman. However, he added, their response had been "suprising," and "the level of interest and energy from the members of the delegation has been tremendous."

"The level of innovation here blew people away, and in the mid- to later-stage companies they were blown away by the complexity, for instance, of managing the desalination plant. One of the biggest surprises was the interest in Israel's solar energy industry. They were very interested in helping to build power plants and there was even some talk of Jabil Circuit building a solar panel production plant in Jerusalem," he said.

Josh Green, general partner at Mohr Davidow Ventures, was very impressed with what he saw. It was Green's first visit to Israel. Mohr Davidow Ventures is a 25-year-old firm with \$2 billion under management. Currently in their ninth fund, the company invests in three areas: traditional information technology, life sciences and cleantech.

"We've always looked at Israel as an important high technology center. We wanted to see if that was also true in cleantech, and the answer is a resounding yes. The startup environment is as important and vibrant as anywhere else in the world, including Silicon Valley," he told the *Post*.

While investment and collaboration may follow, the main purpose of the visit was to familiarize the participants with the Israeli scene.

"The most important objective was to get the feel of the ecosystem for startups, innovation, and the investment climate. I've already found several [companies] I want to follow up with," he added.

Green said the highlights for him were the presentations by 15 Israeli companies and the talk with Peres.

"I really recognized a pattern between Israel and Silicon Valley. I didn't need to explain how Silicon Valley works, because there are the same elements here, the same way of thinking. There was more resonance and more parallels between Israel and Silicon Valley than between Silicon Valley and other places in the US," he remarked.

Green was also full of praise for Peres's understanding of how to build up the cleantech industry.

"I spend a lot of time in Washington DC talking to politicians. President Peres showed more insight in 15 minutes of comments than I usually hear from US politicians even after several hours of explanations.

"He truly gets it. He understands that the focus has to be on innovation, because that's where the greatest return is. I wish more American politicians understood that," he said.

Virgin Green Fund Partner Shai Weiss is very familiar with the Israeli scene and helped organize the trip. The Virgin Green Fund was started by Weiss and two partners in 2007. Their average investment ranges from \$10-40 million. Two of the nine companies they've already invested in are Israeli.

According to Weiss, the purpose of the trip was not just the young companies but to introduce the members of the delegation to world-class Israeli companies and utilities like Mekorot and Netafim. National utility Mekorot happens to be one of the most sophisticated in its approach and execution, he said.

"I'm convinced the participants were impressed. They saw a thriving industry - the industrial know-how at places like Netafim and IDE [which runs the Ashkelon desalination plant] was tremendous. They saw the raw intellect and know-how of mature scientists, entrepreneurs, operators and manufacturers. They saw that this is a real happening place with both big companies and early-stage companies," Weiss said.

The delegation was comprised of investors who, if you added them all up, controlled about \$20b., CICC Executive Director Shuly Galili said.

"The idea is to give them an orientation and an introduction to a long-term relationship with Israel. These things take time. They need to understand the culture the landscape of local investors. In my opinion, the only way it will work is if foreign investors join with Israeli investors. Early-stage companies need a lot of hand-holding, and that's hard to do when you are far away. The Israeli investors know the local scene very well," she said.

Now that we've introduced them to Israel, she added, "I hope they come back on their own."

CICC chairman Applbaum added that he "was convinced something will come of it sooner rather than later. It feels very ripe. There really are extraordinary opportunities here, and Israel should be proud to have stepped to the head of the class."

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