



TEL AVIV TECH ECOSYSTEM REPORT

-2021-



Index

OVERVIEW

TEL AVIV COMPANIES

TALENT

MULTINATIONAL CORPORATIONS

CAPITAL RAISED

INVESTORS

EXITS

DEFINITIONS & METHODOLOGY



SCAN ME

Produced by Tel Aviv Global & Tourism, 2022 |
Data by IVC Research Center | Graphic Design by Studio Touch
Cover Photo: Belikov Ruslan



Dear Tech Industry Professionals,



Tel Aviv-Yafo, the tech center of Israel, is home to nearly 3,000 technology companies, among them 135 multinational R&D Centers, thousands of local and foreign investors, and tens of thousands of employees. The Tel Aviv tech ecosystem broke records in 2021 in the amount of capital raised, the number of new scaleup companies, participation of foreign investors, IPO's and more. On an international scale, Greater Tel Aviv continues to rank among the top ten global tech centers, alongside New York, London, and Los Angeles. The Tel Aviv tech ecosystem takes pride in fostering the development of increasingly critical and cutting-edge technologies and applications, including Artificial Intelligence, Cyber Security, and Fintech.

We are releasing this report amid a period of global financial volatility. At the same time, as an historic startup in and of itself, the spirit of innovation is embedded in our city's DNA. Tel Aviv's incredible talent will continue to flourish with the unprecedented support and investment of municipal resources. Much like an ecosystem of the natural world, the dynamism of the tech ecosystem gives rise to continuous renewal, reinvention, and resilience.

Tel Aviv-Yafo is actively committed to strengthening the local tech industry as an economic engine for all its residents. "Tel Aviv Tech", a strategic taskforce of the municipality, is an initiative years in the making that works to this end. Through direct engagement with ecosystem players, partnerships, pilots, inclusive training programs and more, we are forging the relationship between the industry, the city and its residents, laying the groundwork for the shared prosperity of tomorrow. In this way, the city will continue to perform its role as a creative space and source of inspiration.

In the past year, I have visited a variety of tech companies in Tel Aviv, from new startups developing groundbreaking technologies, to Scaleup companies with products that are already widely used around the world. The creative spirit of the city and its entrepreneurs never stop innovating, imagining and developing. I believe that the ideas born here today will change the world tomorrow.

Ron Huldai
Mayor of Tel Aviv-Yafo



Shalom,

We are pleased to present Tel Aviv Global and Tourism's Annual 2021 Report, which provides an in-depth view of Tel Aviv's tech industry.

The 2021 Report gives insight into the increasing strength of the ecosystem that has developed in Israel in recent years and its significant presence in Tel Aviv. The tech industry is the Israeli economy's engine of growth, decisively contributing to its success.

The industry's resilience is currently facing challenges arising from, among other factors, changes in the global markets.

The report in front of you will convey a meaningful trend- the maturation of Israel's tech industry in general and Tel Aviv's tech ecosystem in particular. I believe this development will help contribute to overcoming the current period's adversities.

In the coming years, our goal will be to strengthen cooperation between the tech industry and Tel Aviv's urban sector to improve residents' quality of life while bringing further prosperity to the city.

We will continue fostering the development of Tel Aviv's local ecosystem, expanding opportunities and maximizing our potential while matching and even exceeding the benchmarks of other global leading cities.

I am proud to take part in this challenge as the Chairperson of Tel Aviv Global. I am confident the mutual commitment between Tel Aviv and the tech industry will lead to the flourishing of the ecosystem along with the improvement of the city's future development and global economic standing.



Yael Andorn
Chairman of the Board
Tel Aviv Global & Tourism

Ecosystem Snapshot

\$120B

Ecosystem Value*

\$20B

Capital Raised

2,812

Tel Aviv Companies

135

Multinational
R&D Centers

152,052

Global Employees of
Tel Aviv Companies

1,120

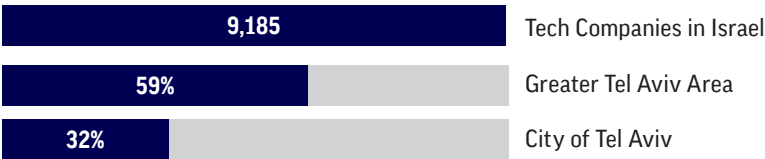
Investors in Tel Aviv
Tech Companies*

*by startup genome

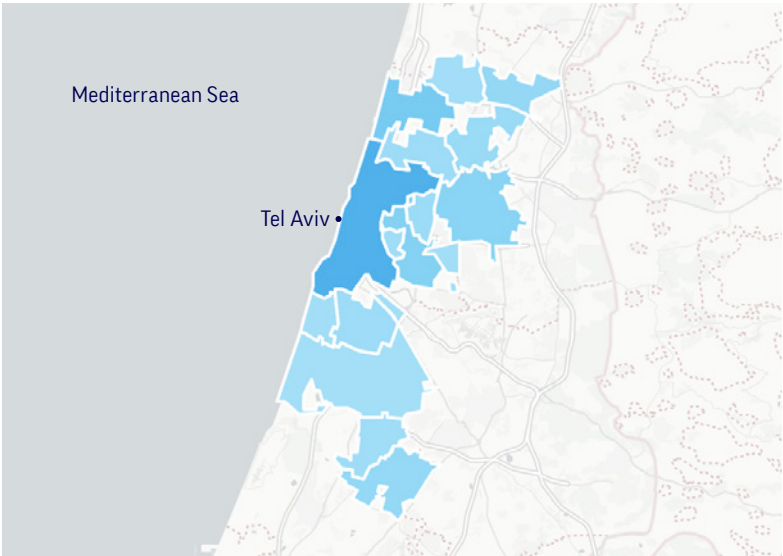
2021 Growth Highlights

	2020	2021	Growth
Capital Raised	\$8.2B	\$20B	2.4X
New Unicorns	14	30	2.1X
Scaleup Companies	161	228	1.4X
Global Employees	78,585	152,052	1.9X
Initial Public Offerings	4	20	5X
Total Exit Value	\$4.5B	\$9.5B	2.1X

Tel Aviv is the Innovation Capital of the Startup Nation



Greater Tel Aviv Region

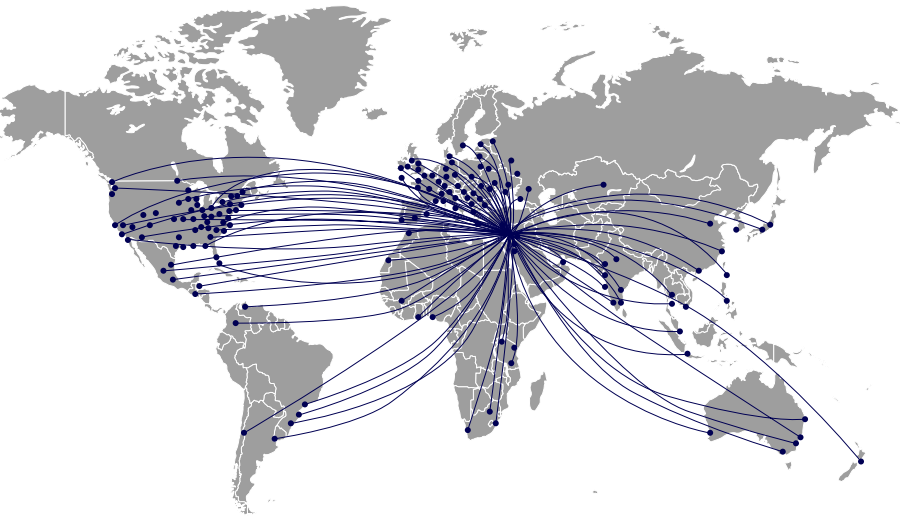


Source: Dealroom, 2022

A Leader on the World Stage

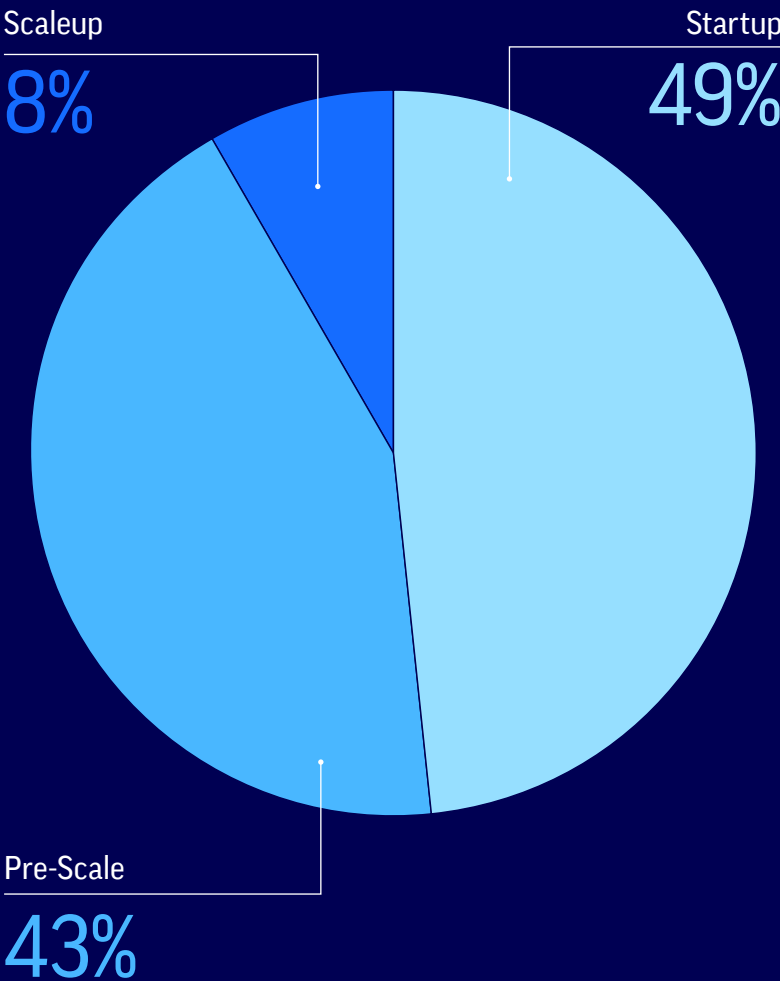


Tel Aviv companies have offices in 183 Cities across 41 Countries



Ranking Source: Startup Genome 2021

Breakdown of 2,812 Tech Companies in Tel Aviv by Stage



Average Profile by Stage (2021)

Startup
1,363

Age: 4 | Total Branches: 1.1 | Total Employees: 7.6

Seed R&D

Pre-Scale
1,221

Age: 7 | Total Branches: 1.6 | Total Employees: 20.5

Initial Growth

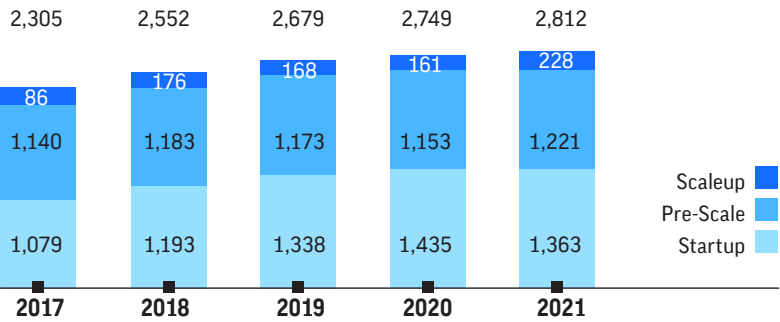
Scaleup
228

Age: 8 | Total Branches: 4 | Total Employees: 334

Revenue Growth

Steady Ecosystem growth, Surge in Maturity

Number of Companies per Stage



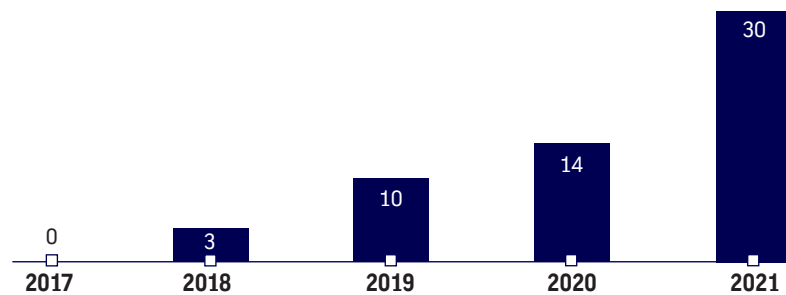
2021



An unprecedented **42%** jump in the number of **Scaleup** companies, propelled the Tel Aviv ecosystem and local economy to new levels of **maturity and resilience**.

New Unicorns Doubled in 2021

Number of New Unicorn Companies



2021

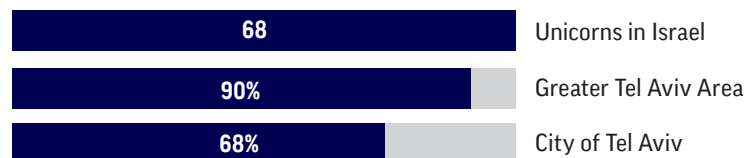
30

New
Unicorns

45

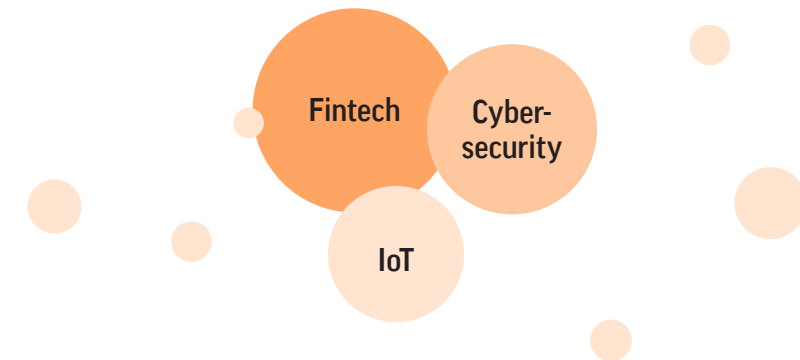
Total
Unicorns

Concentration of Unicorns



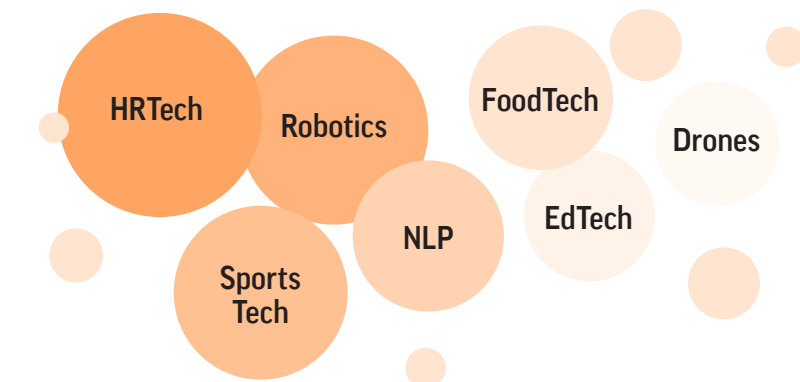
Diverse Representation of Industry Verticals

Leading Unicorn Verticals



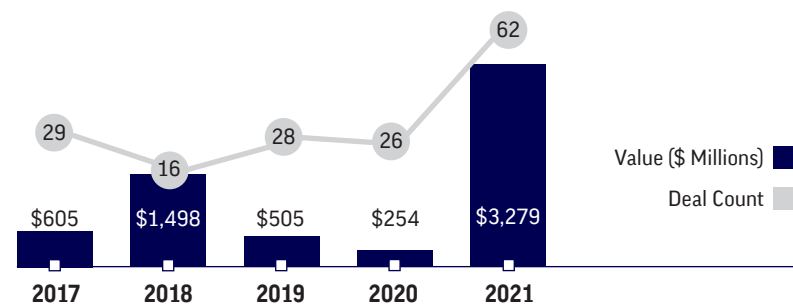
Maturing Verticals

First-time Representation among Unicorns in 2021



Company Growth through Acquisitions

Number and Value of Acquisitions by Tel Aviv Companies

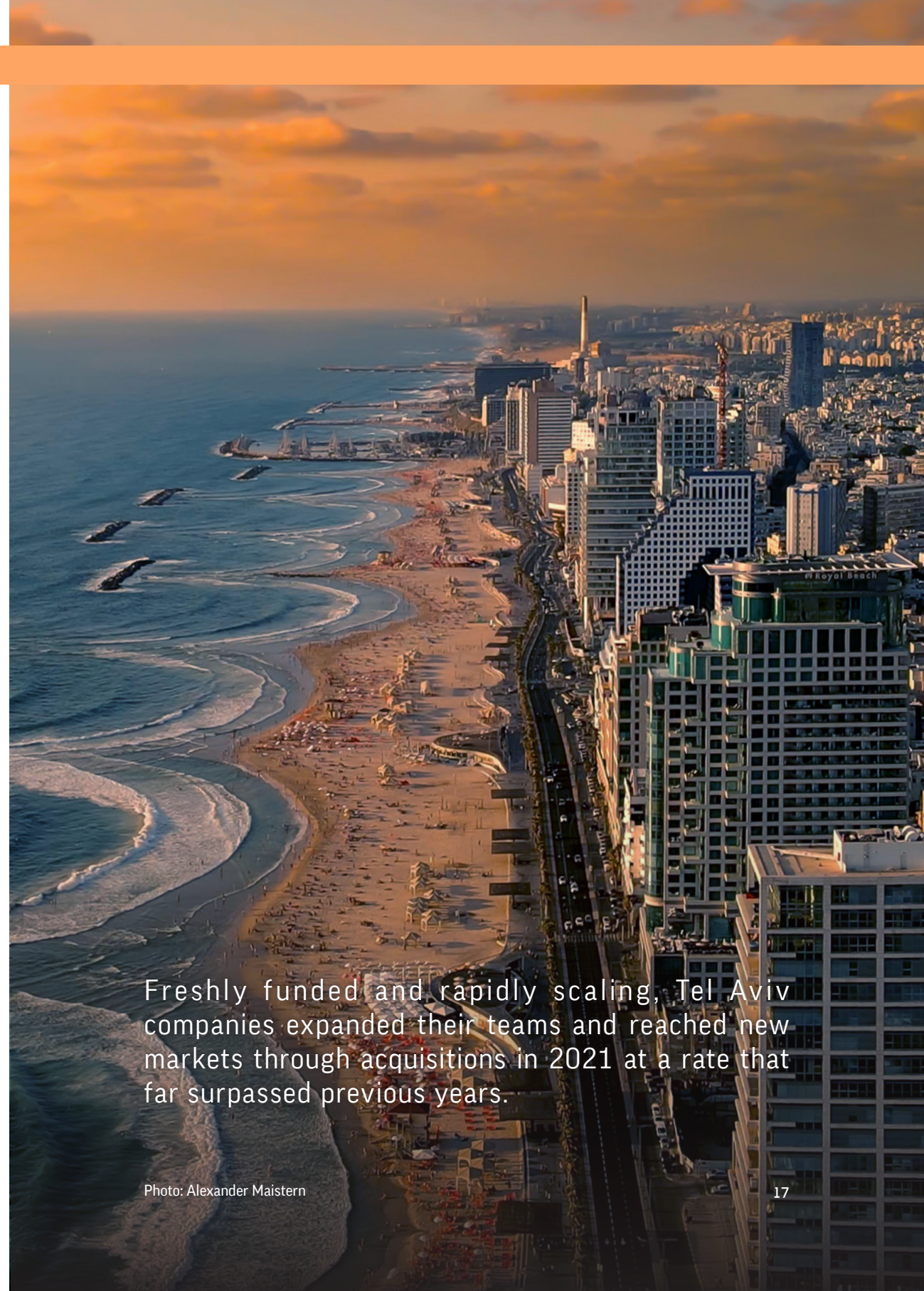
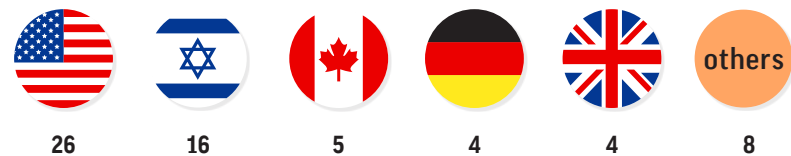


2021

62
Growth
Acquisitions

138%
YoY Growth
Number of Deals

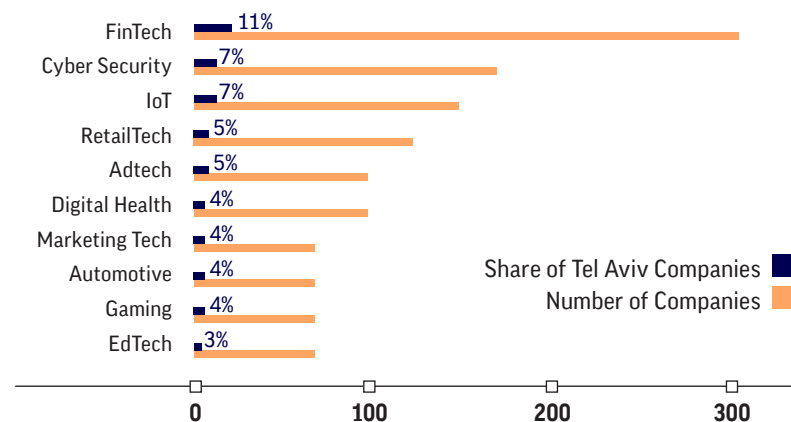
Acquisitions by Country



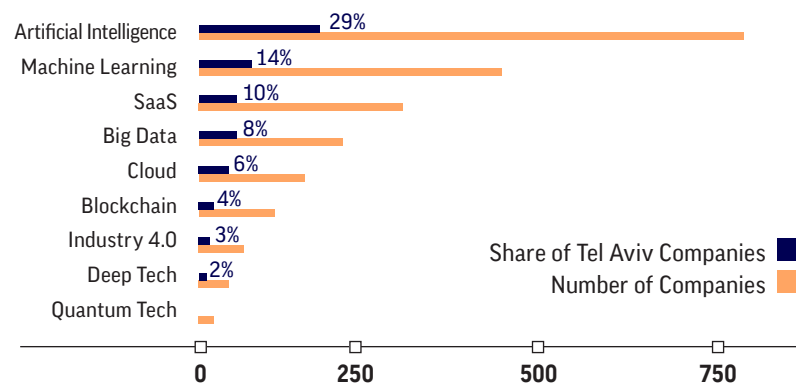
Freshly funded and rapidly scaling, Tel Aviv companies expanded their teams and reached new markets through acquisitions in 2021 at a rate that far surpassed previous years.

Focus on Fintech, Cyber Security, and AI

Leading Industry Verticals in Tel Aviv



Core Technologies and Models

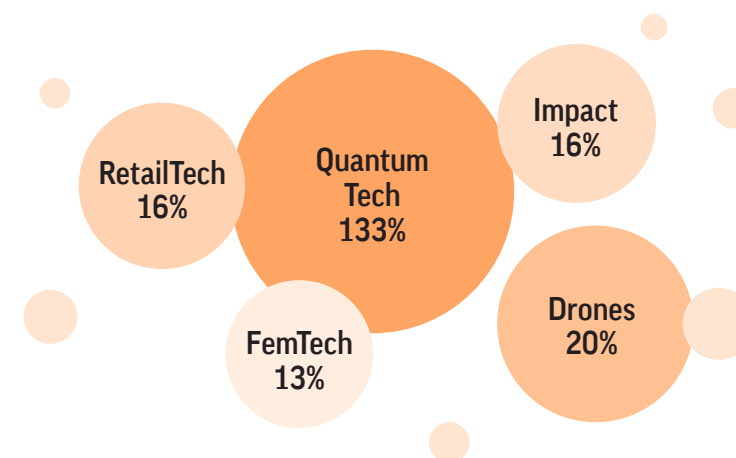


*Companies may be included in multiple categories

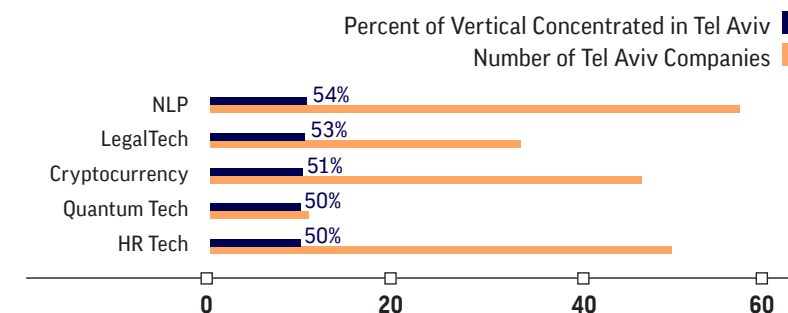
Continuous Innovation and National Leadership

Emerging Verticals

3-YR Growth of Vertical

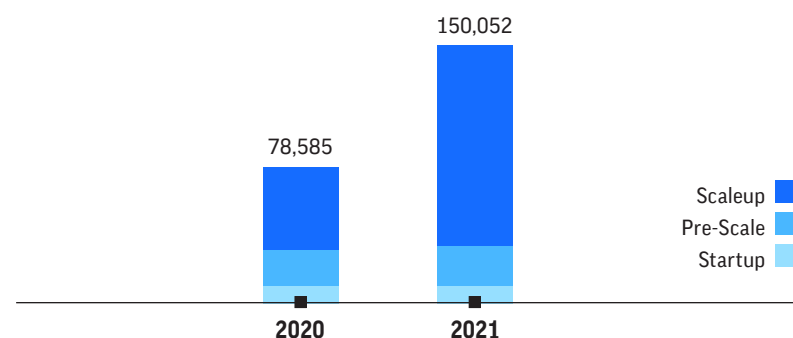


Verticals Concentrated in Tel Aviv (Nationwide)

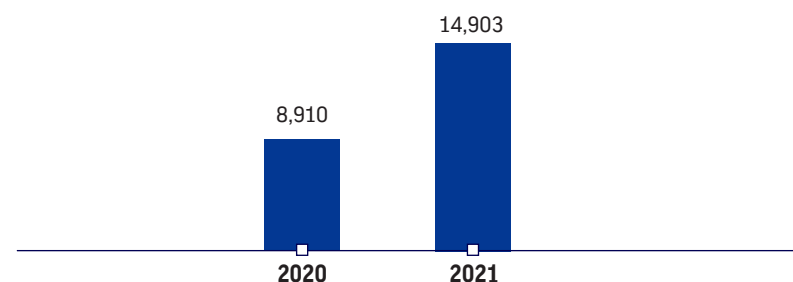


Established Companies Employ Increased Share of Tech Talent

Global Employees of Tel Aviv Companies



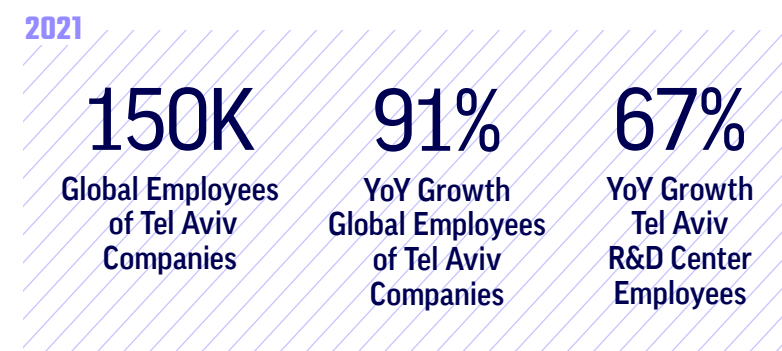
Headcount of Multinational R&D Centers in Tel Aviv



Tel Aviv companies nearly doubled their global headcount in 2021.

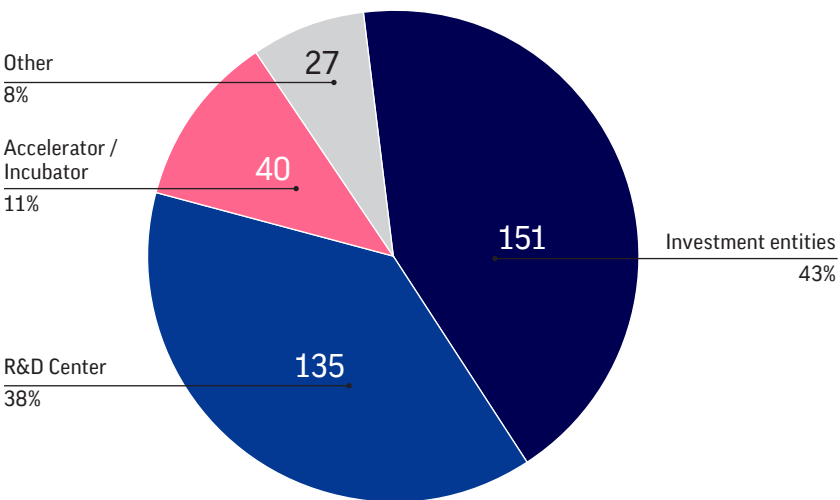
Tel Aviv **Scaleup** companies grew their global teams by **146%** and now account for 77% of the Tel Aviv tech workforce, while Multinationals expanded local teams by **67%**, further broadening the employment opportunities for local job seekers.

Despite competition for talent, **Startups** and **Prescales** grew by **2%** and **11%** respectively, highlighting the persistent pull of innovation and entrepreneurship, as well as the City's ever-growing talent pool.



Diverse Multinational Presence in Tel Aviv

Multinationals by Type in Tel Aviv

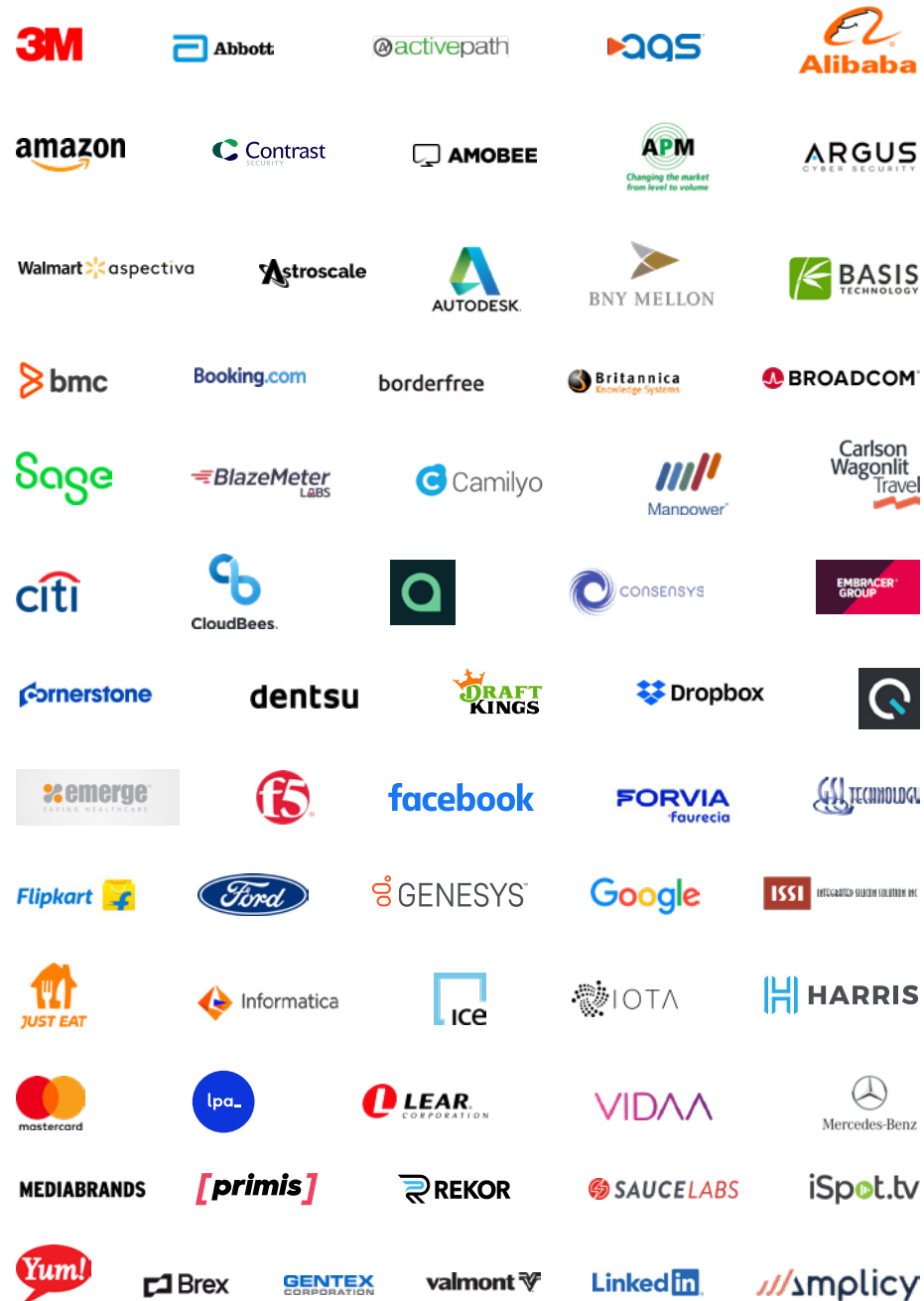


Multinational corporations of all types, from investors to R&D centers, anchor and advance the Tel Aviv innovation ecosystem. They open offices throughout the City to leverage the characteristic Tel Aviv ingenuity, technological expertise, and relentless drive.



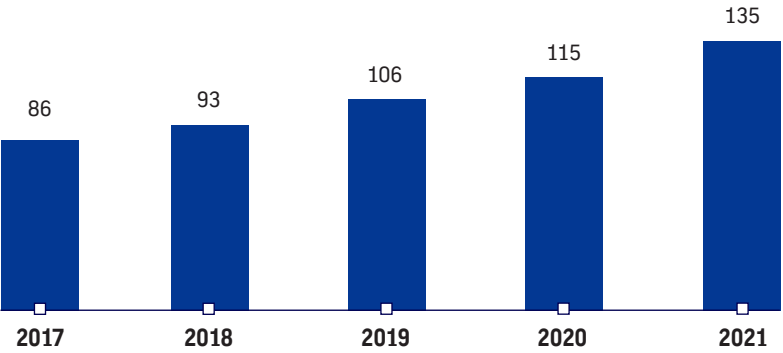
Photo: David Ostro

MULTINATIONAL CORPORATIONS



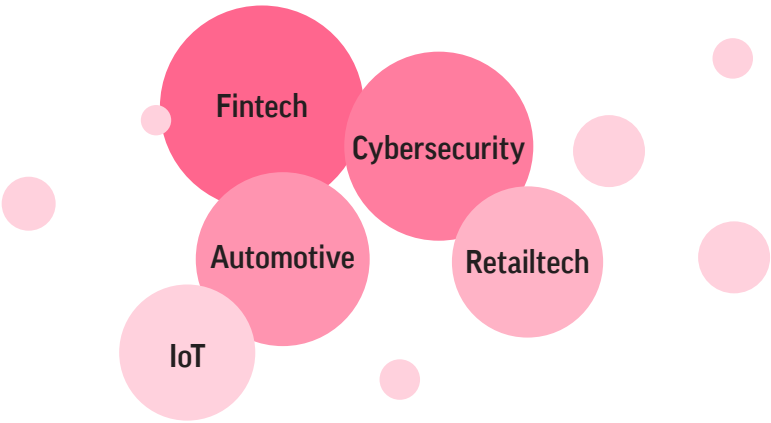
Growth in Number of R&D Centers

Number of R&D Centers by Activity Year



Leading Multinational Corporations from **16 countries** turn to Tel Aviv for innovation and expertise across **34 industry verticals**.

Leading Verticals:



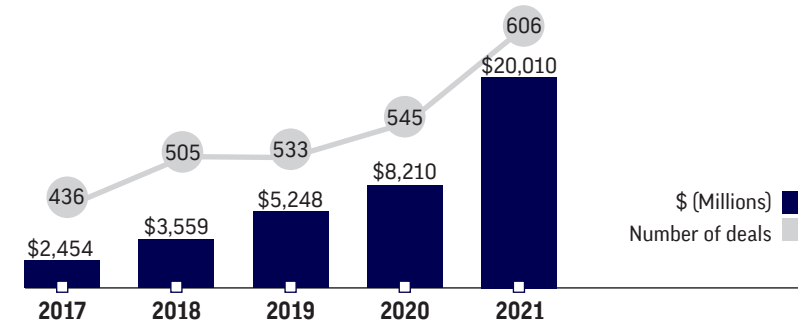
Emerging Vertical:



Although Tel Aviv tech companies represent just **32%** of the national total, they have come to attract an **outsized share** of investment capital. Focus on in-demand industries, a high concentration of talent, central geographic location, and an array of **municipal support resources** all contribute to the **growth and success** of Tel Aviv companies.

Capital Raised Jumped 10X in Five Years

Capital Raised by Tel Aviv Companies



2021

\$20B

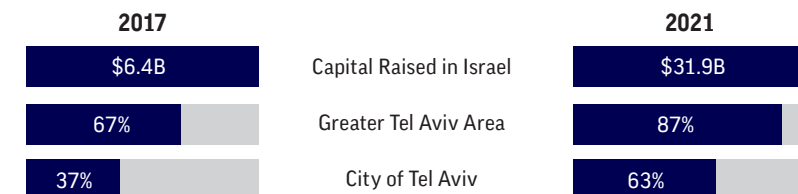
Total Capital Raised
Tel Aviv Companies

143%

YoY Growth
Capital Raised

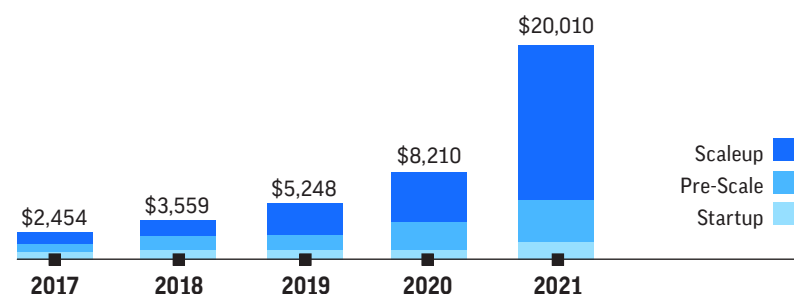
11%

YoY Growth
Number
of Total Rounds

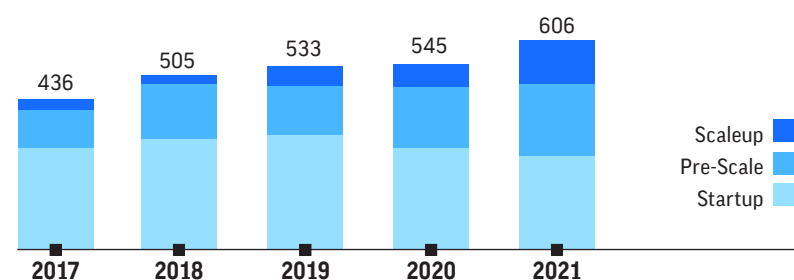


Scaleups Lead Funding Growth

Capital Raised by Company Stage (\$ Millions)



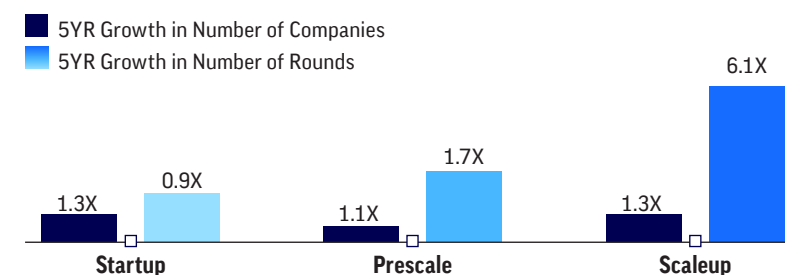
Number of Rounds by Company Stage



Scaleups, which make up just **8%** of Tel Aviv tech companies, raised **72%** of the total capital in 2021.

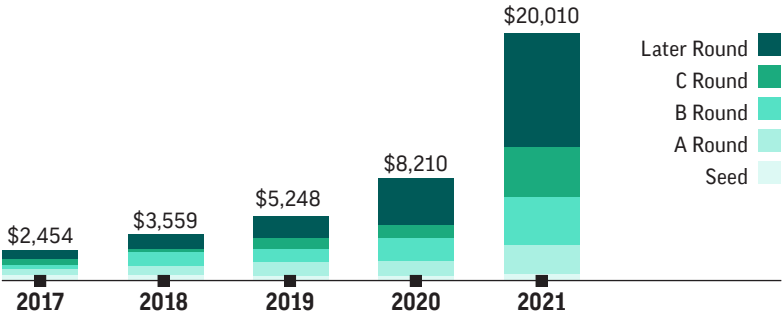
In addition to raising larger rounds than younger companies, Scaleups have also dramatically increased fundraising activity. Over the last five years, Scaleups increased the number of rounds raised by **6X**, while the number of scaleup companies grew just **1.3X** over the same period.

Increased Fundraising Relative to Number of Companies per Stage

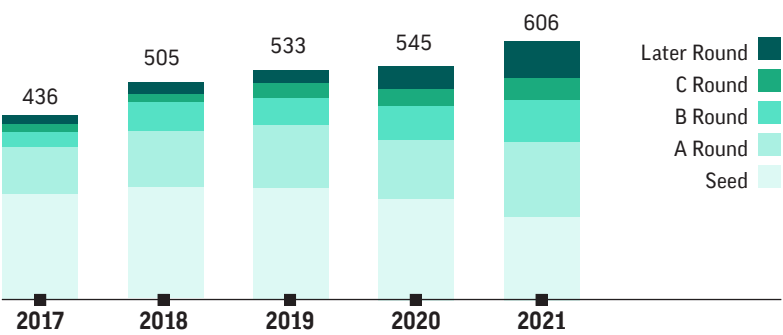


Growth in Size and Number of Later Stage Rounds

Capital Raised by Round Type

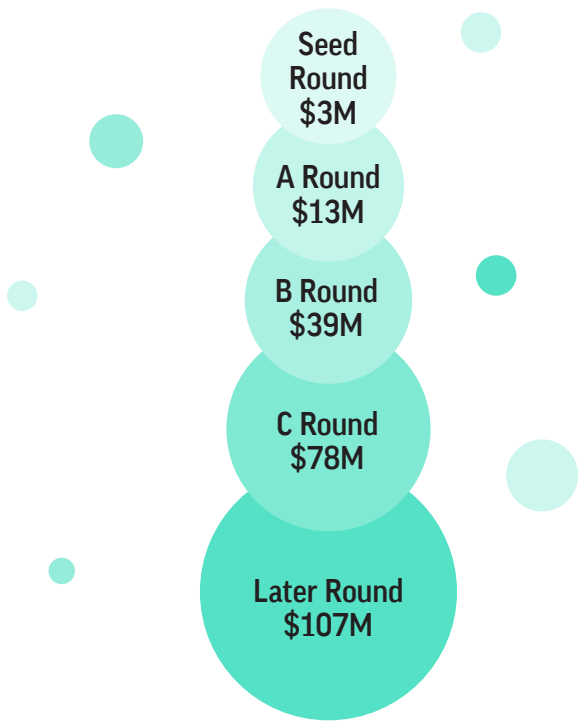


Number of Rounds by Type



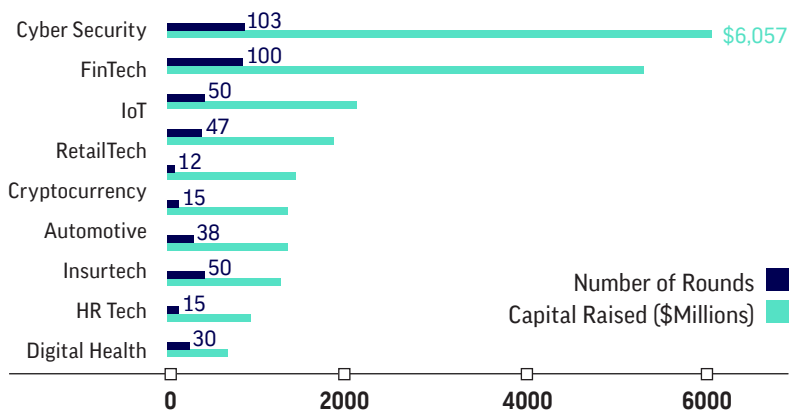
Founder and investor confidence amid a favorable macroeconomic environment have encouraged extended **company growth** over early exits. Later rounds have increased in frequency and size. In five years, the average seed round grew just over **2X**, while later stage rounds have grown **4X**, giving rise to the **\$100M+ Megaround**.

Average Round Size (2021)



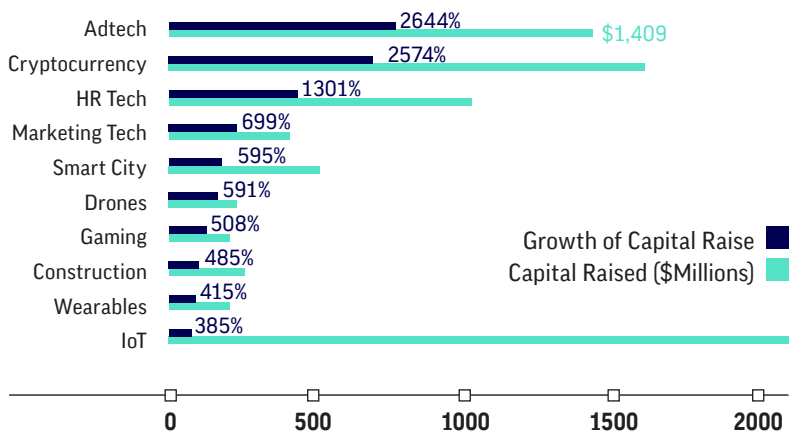
Leading Verticals and Diversified Growth

Leading Verticals by Capital Raised (2021)



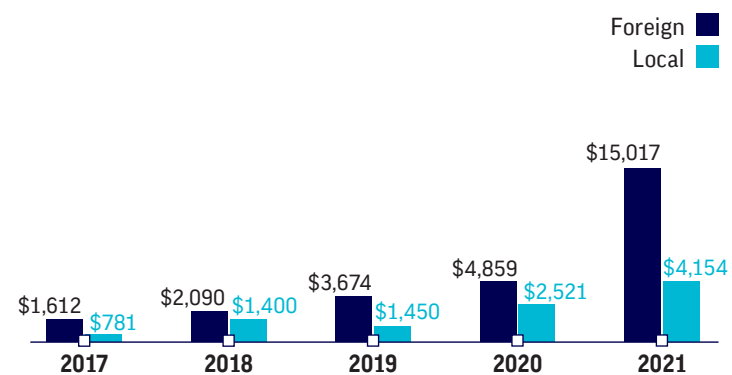
Emerging Verticals by Capital Raised

By 3-Year Growth in Capital Raised

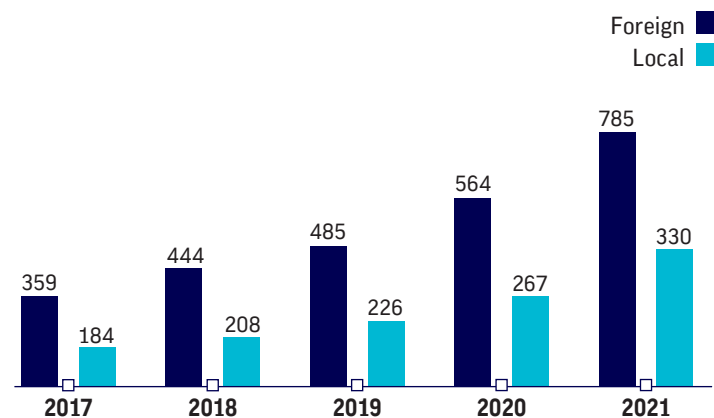


Global Confidence in Tel Aviv Tech Continues to Grow

Foreign and Local Investments in Tel Aviv (\$ Millions)



Number of Foreign and Local Investors in Tel Aviv



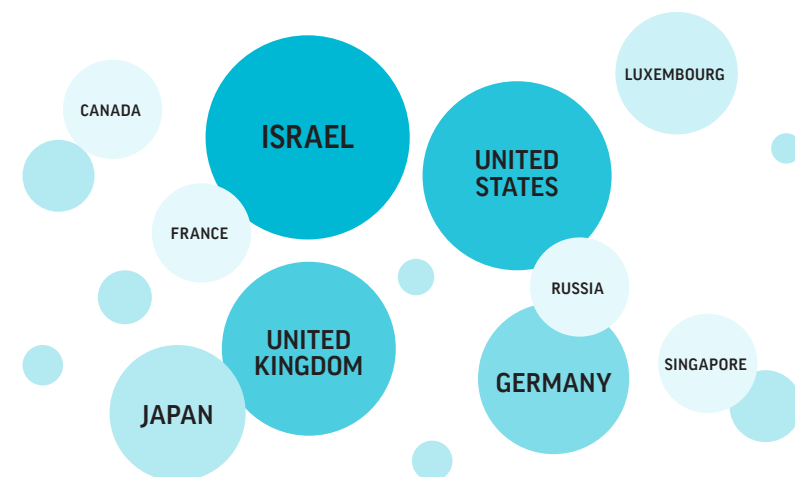
2021

78%
Foreign
Investment
Capital

209%
YoY Growth of
Foreign Capital

65%
YoY Growth of
Israeli Capital

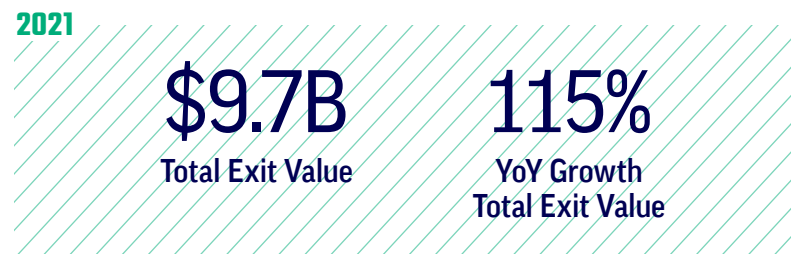
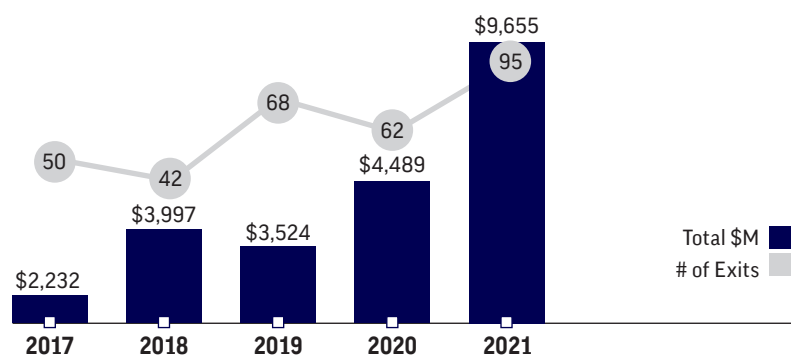
Leading Countries by Number of Investors



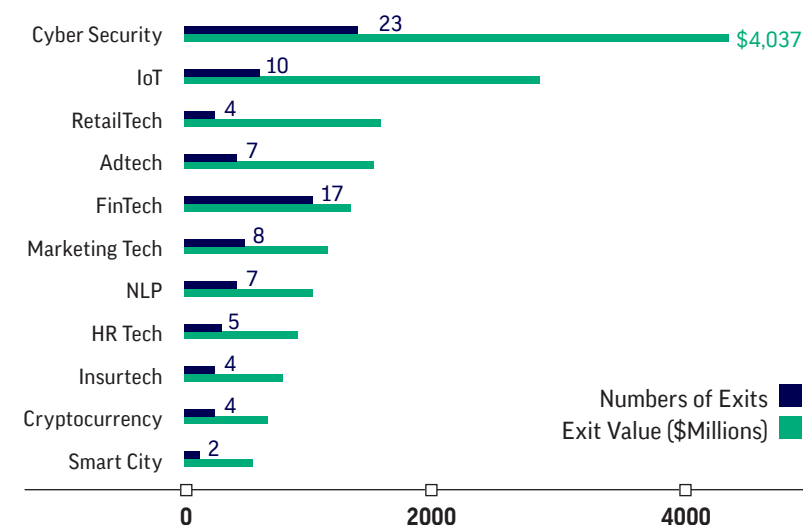
SWITZERLAND | HONG KONG | SOUTH KOREA | CHINA | AUSTRALIA | BRAZIL | THE NETHERLANDS | CYPRUS | CZECH REPUBLIC | MALTA | TAIWAN | SPAIN | INDIA | SWEDEN | BELGIUM | SOUTH AFRICA | SLOVAKIA | PANAMA | NETHERLANDS ANTILLES | MEXICO | ITALY | IRELAND | CHILE | CAYMAN ISLANDS

Significant Jump in Number and Value of Exits

Exit of Tel Aviv Companies by Count and Value



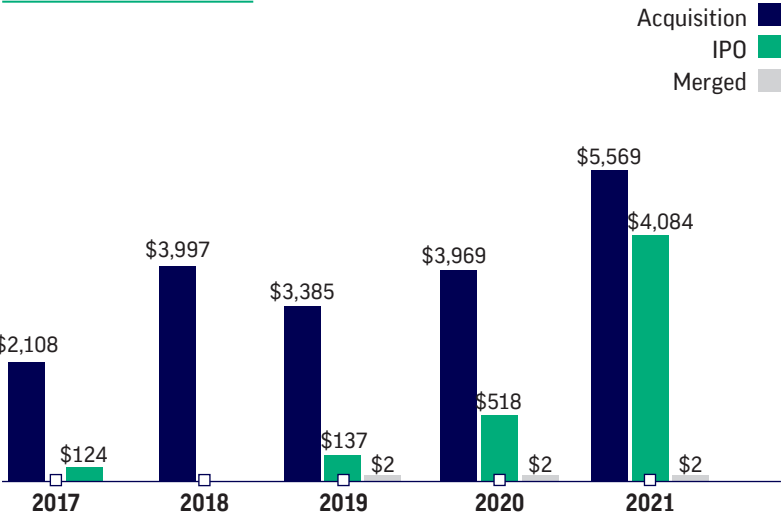
Leading Verticals by Exit Value (2021)



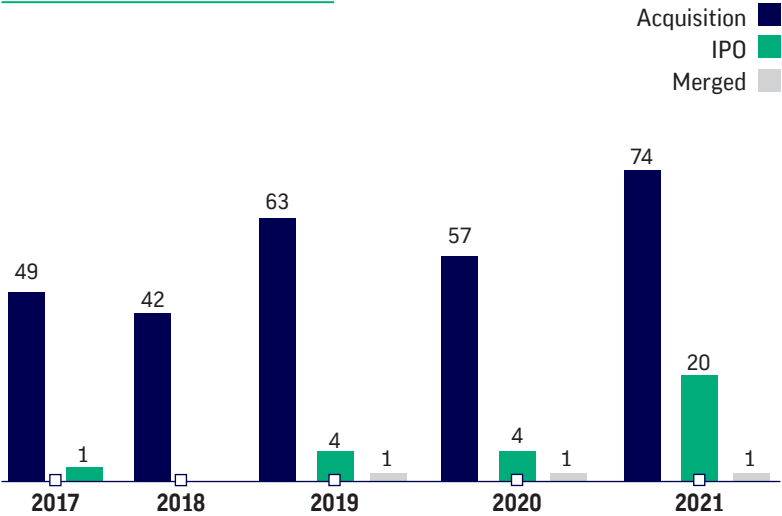
Cyber Security is the clear leader in 2021 exit value and number of deals by vertical. Since 2017, Cyber Security has led capital invested in Tel Aviv companies, although exit value across verticals fluctuates year to year.

IPO's Surge, Acquisitions Continue to Grow

Exit Value by Type



Number of Exits by Type



2021

20
IPO's

5X
YoY Growth
Number IPO's

42%
IPO Share of
Total Exit Value

2021

68
Total Public Tech
Companies

14
Global Stock
Exchanges

- 1. **The data in the report is updated to March 30, 2022.**
- 2. **Definition of Tel Aviv tech company:**
 - The headquarters of the company is located in Tel Aviv
 - The company manages a branch office in Tel Aviv
- 3. **Definition of Greater Tel Aviv company:**
 - The headquarters of the company is located in one of the cities and towns near Tel Aviv
 - The company manages a branch office in one of the cities and towns near Tel Aviv
 - List of cities and towns included in Greater Tel Aviv: Azur, Bat-Yam, Bnei Brak, Ganey Tikva, Givat Savion, Givat Shmuel, Givatayim, Herzliya, Holon, Kibbutz Glil-Yam, Kiryat Ono, Or Yehuda, Petach Tikva, Ramat Efal, Ramat Gan, Ramat Hasharon, Savyon-Gani Yehuda, Yehud
- 4. **Definition of Tel Aviv investors:**
 - The headquarters of the investors located in Tel Aviv
 - The investor manages a branch office in Tel Aviv
- 5. **The companies included** in this report are tagged as high-tech companies in the IVC database

- 6. **Company Stage:** Each Company is classified according to one of four development stages as follows

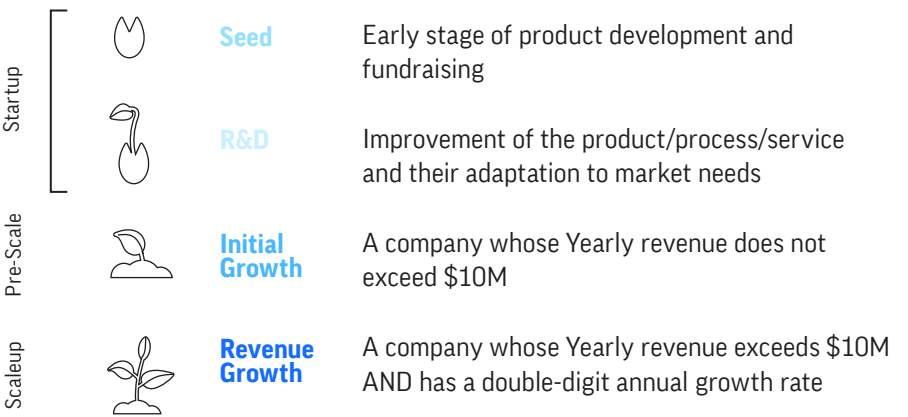


Photo: Lior Golbary



Photo: Daniel Israel