

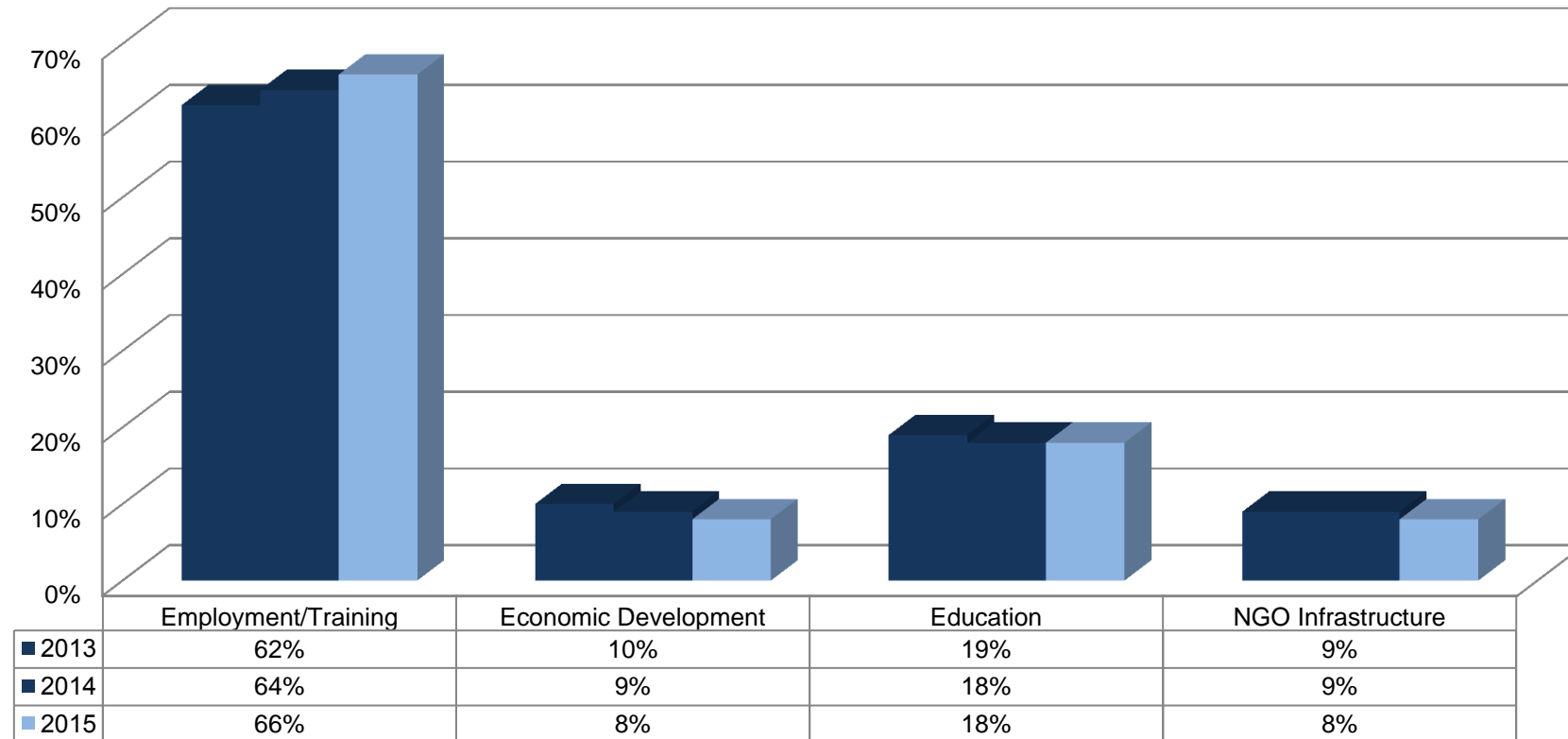
2016 US – Israel Summer Fellowship placed in IVN

UC San Diego, Rady school of management
Eric(Xinyuan) Han
August 10, 2016

IVN



Areas of Portfolio (Tandem fund & Yozma fund)



My Assignment at IVN



New Social Venture Fund focusing on Assistive Technology (AT) for disabled people

Main questions:

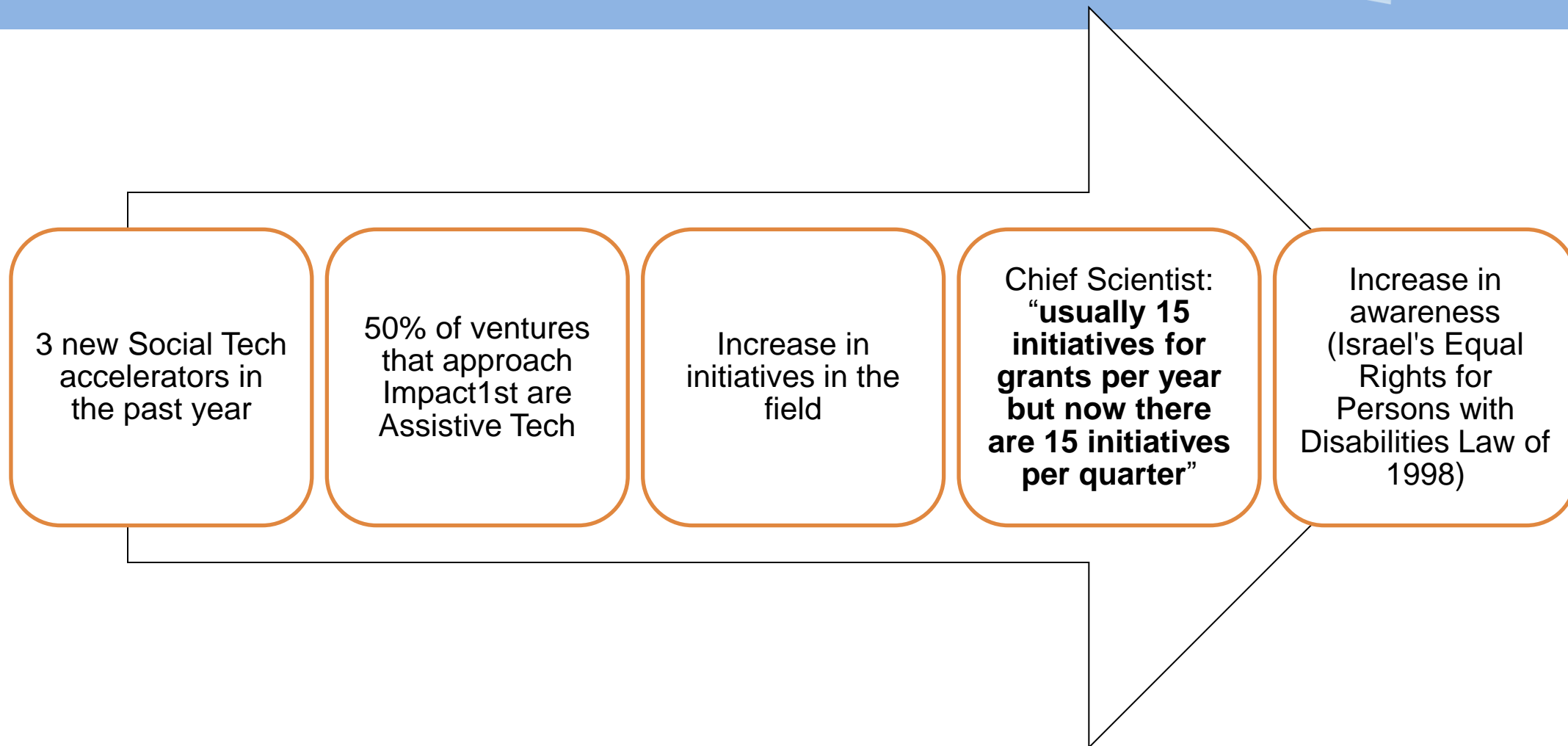
- a. What are the capital needs of assistive technology companies?
- b. What financial tools are available to help these companies?
- c. What models are being used elsewhere and what can we learn from these models?

Ecosystem of AT

Possible solutions



Assistive Tech Trend in Israel



Ecosystem of AT



Jerusalem Institute for Israel Studies
Milken Innovation Center



**Pre-seed Funding
from**

3F, Angels, Donation-based
Crowdfunding,
Competitions

Chief Scientist



Valley of Death

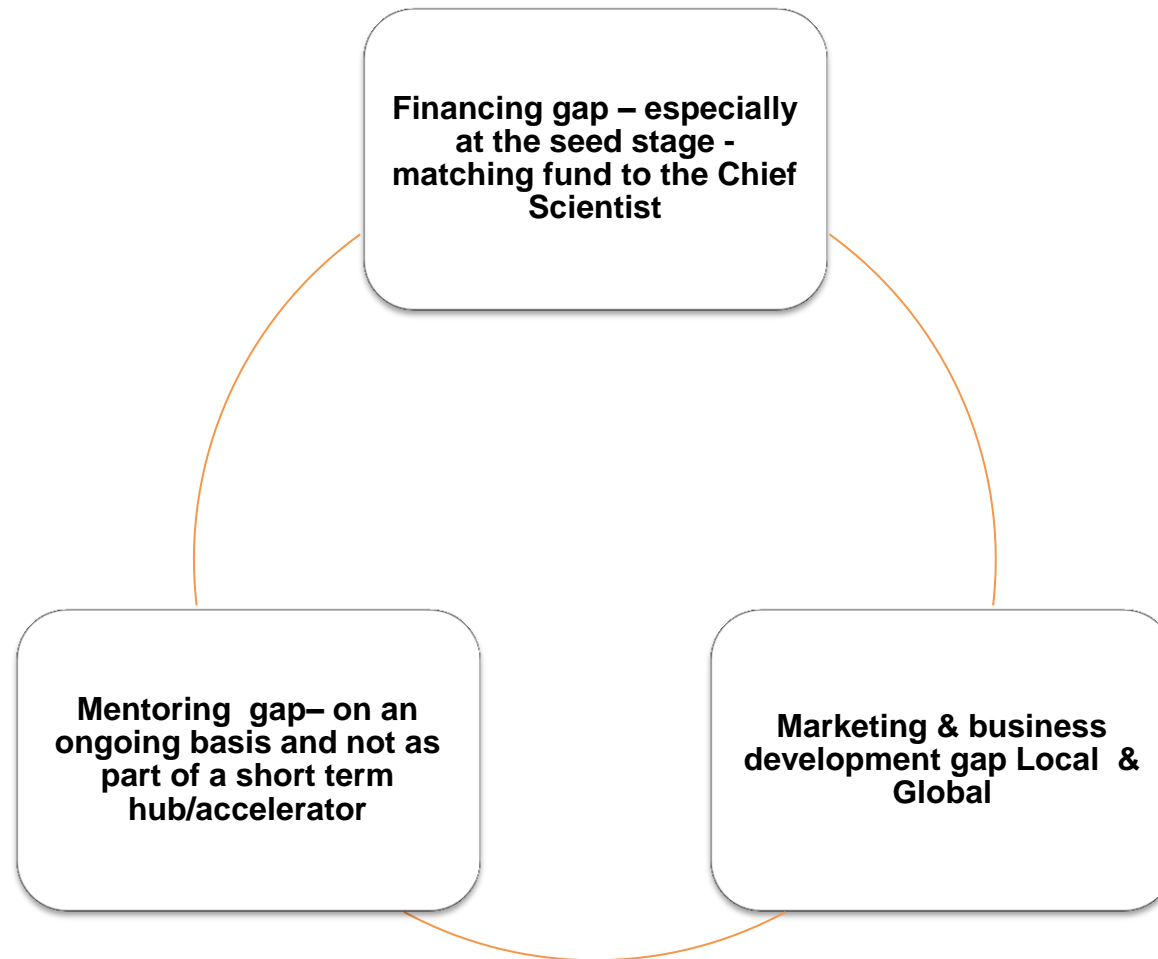
Prototype

**Seed fund, VC
Equity-based
Crowdfunding**

**Accelerators and
incubators**



Social Tech Fund: The Gaps



The Entrepreneurs Seeking Investors & Mentors



Profile

- Seasoned entrepreneurs
- Personal experience with the market need
- Willing to invest 50% profit in the social goal
- Finance their business with:
 - Personal funds
 - Chief Scientist Fund
 - Angels that are also personally connected to the cause

Needs

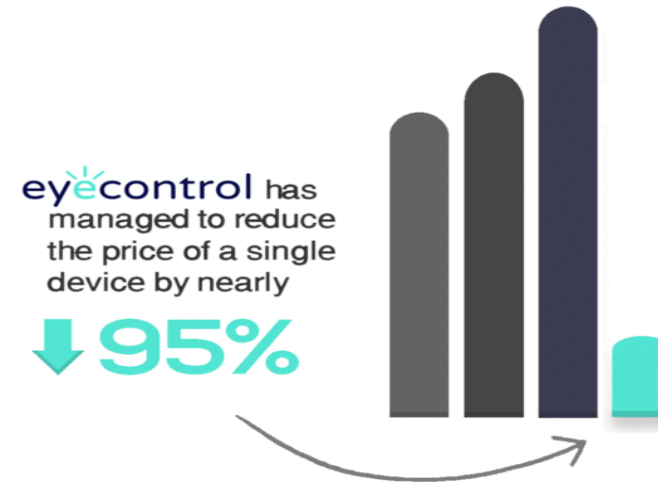
- Financial resources needed until break even \$500k- \$1.5m
- When asked about challenges, all mentioned financial and 50% marketing
- Most of the are using Chief Scientist grants, but finding it hard to find matching funds
- Not enough help from current incubators and accelerators

Eye Control case study:

Offers ALS portable eye-tracking communication system



- Current Status
 - Patent pending
 - Working prototype
 - Due Diligence by IVN
- Capital structure
 - \$43,396 USD total funds raised by Indiegogo
 - \$250,000 by 3Fs and private angel
 - \$140,000 by Chief Scientist
 - \$132,000 by Competition
 - Benefited by 8200 accelerator
- Needs
 - \$1.5M Series A



Shay Rishoni



Milbat case study:



- Milbat is an Israeli non-profit AT accelerator
- High-tech + Low-tech
- Milbat's volunteer team (300 experts in the areas of technology and design) **develops** the required device for the person or group.
- Capital Structure for Milbat
 - 35% from contract with government and hospital
 - 35% from Chief Scientists
 - 30% from Grants
- IVN offered loan to Milbat NIS 200,000 in 2011
- Needs from Milbat
 - funding is 1,000,000\$ per year for 5 years
 - Business partner



Office of the Chief Scientist



Technological Innovation for Disabled Program

- Started in 2012
- Significant ventures are NGO's (more familiar with the field)
 - Companies: 2 years, 65% matching
 - NGO's: unlimited, 85% matching
- Built for economic prosperity rather than impact
- AT is OCS's smallest part
- Annual budget of 6M NIS
- In 2014, each ventures got 450,000 – 500,000 NIS
- Ventures must target disabilities that are 5% or less of the population (blind, deaf, etc.)
- 60 – 90 days from submission to get notified
- Skeptical about the fund because they started the program assuming no one would invest in Assistive Tech ventures

of acceptance/total # of application:

2012: 10/13

2013: 8/10

2014: 8/15

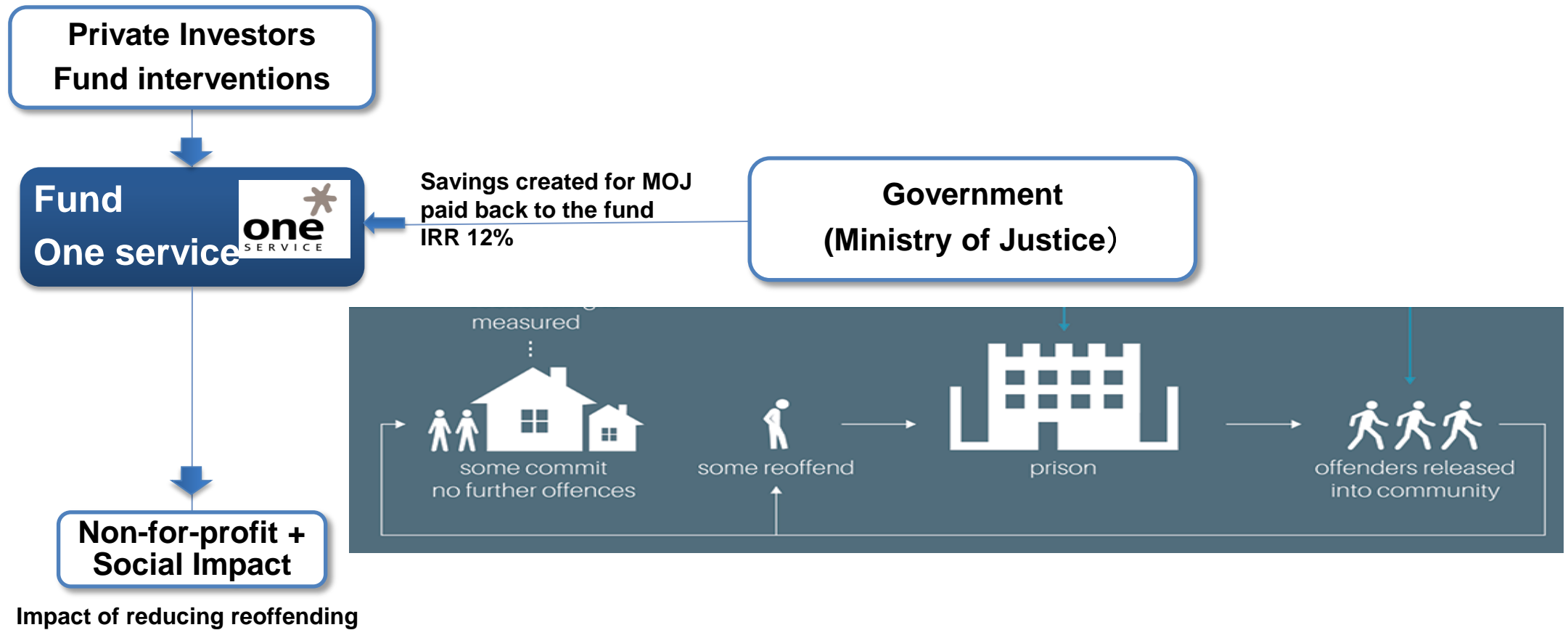
2015: 10/20

Ex: Sesame, Voiceltt, EyeControl



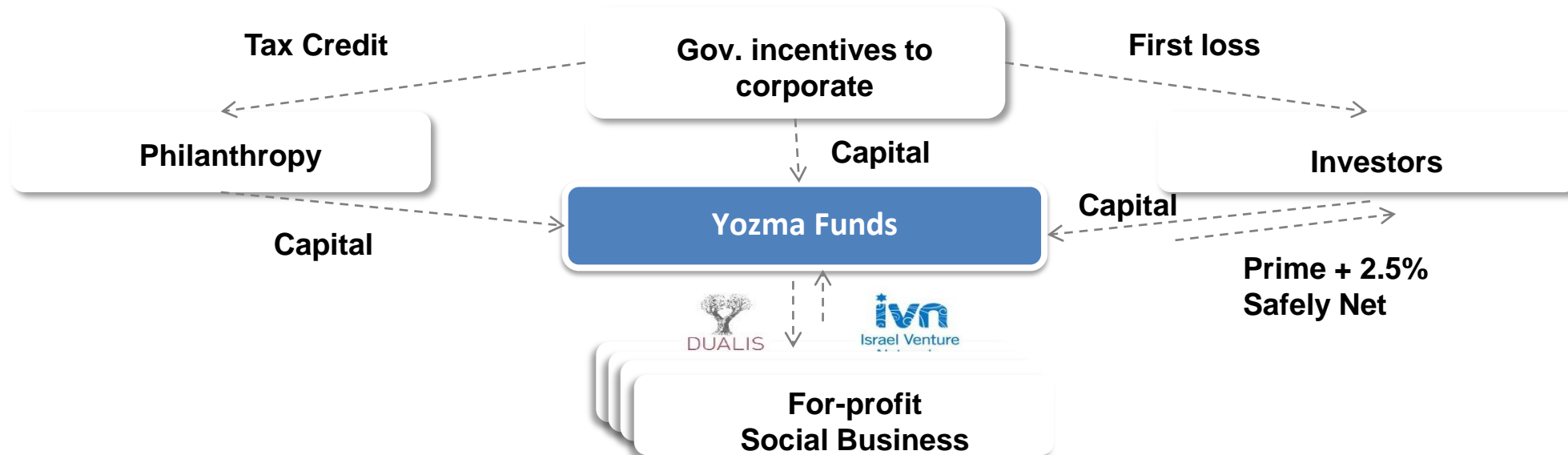
Possible solutions

- Existing 3 impact funds business model in the world
- One service



Possible solutions

- Existing 3 impact funds business model in the world
- Yozma Social Fund



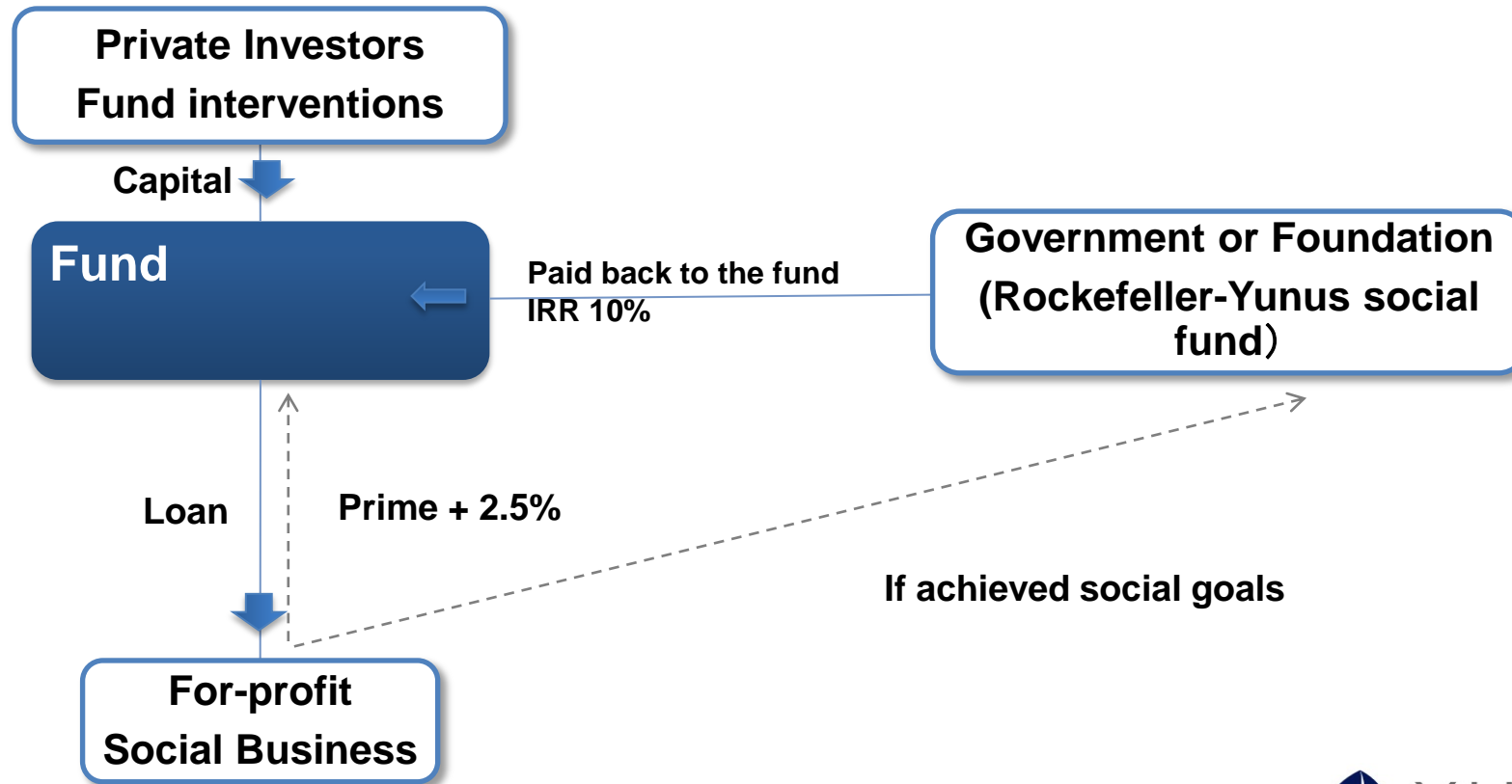
\$14 M.

for social businesses tackling
unemployment



Possible solutions

- Existing 3 impact funds business model in the world
- Rockefeller foundation model



Possible solutions

- Existing 3 impact funds business model in the world

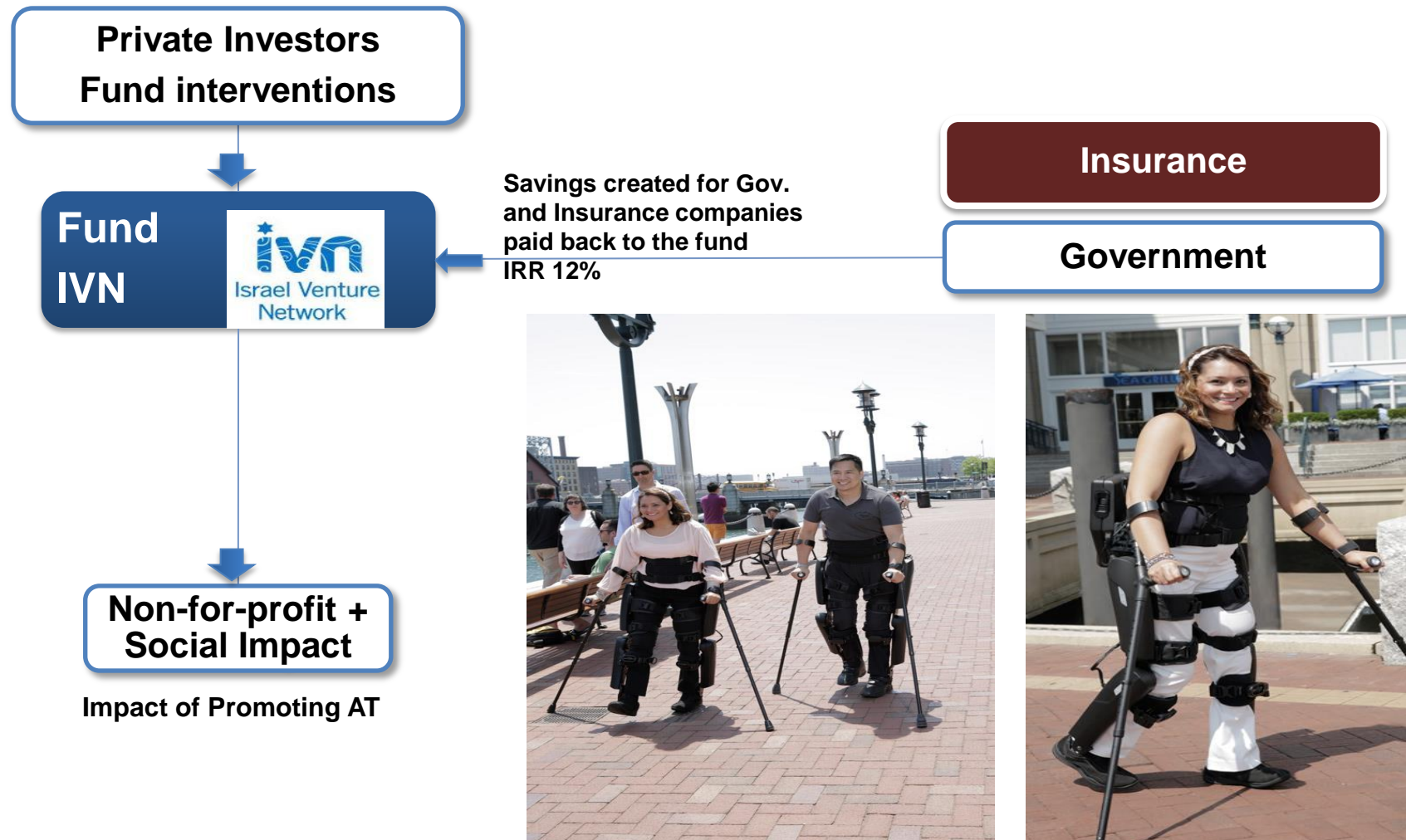


	IRR	Risk	Payer	Investment
One service	12%	High	Government	Non-for-profit
Yozma Social Bonds	4%	Low	Social Business + Government + Philanthropy	Social Business
Rockefeller-Yunus social fund	14%	Medium	Social Business+ Philanthropy	Social Business



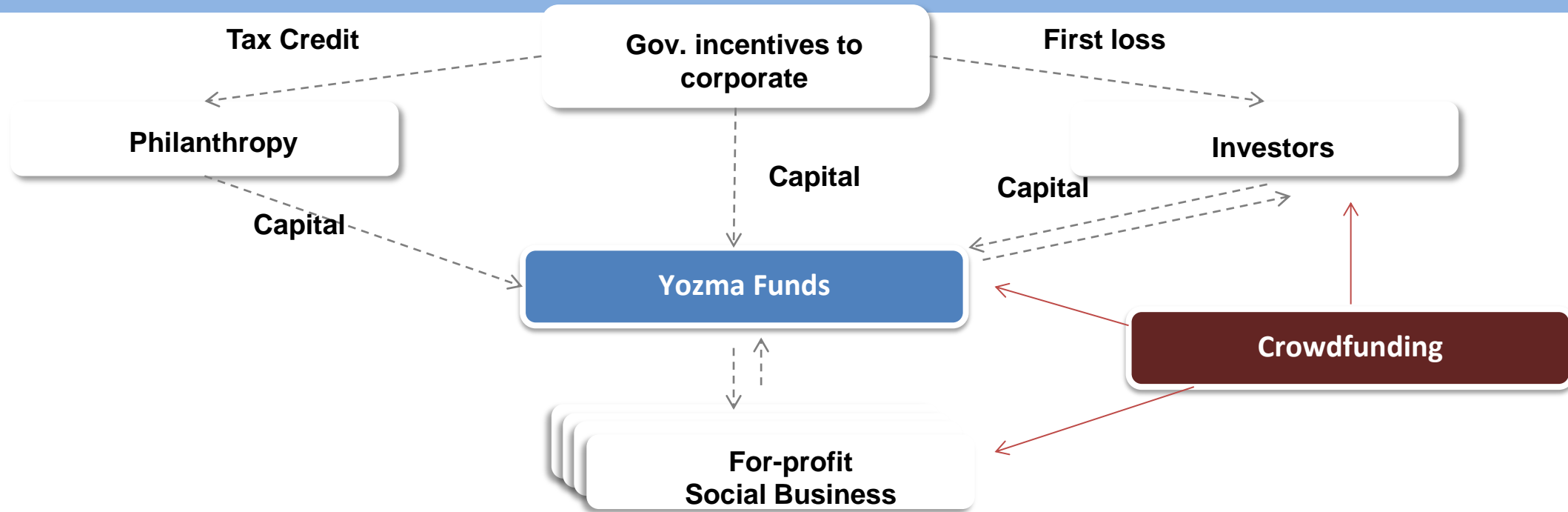
Possible solutions

- 1. Using One Service model to corporate with Government or insurance company



Possible solutions

- 2. Using Yozma model to corporate with crowdfunding



Possible solutions

- 2. Using Yozma model to corporate with crowdfunding



Israel Related		Non-Israel Related	
Equity Based	Non-Equity Based	Equity Based	Non-Equity Based
OurCrowd	Israel-Israel	AngelList	indiegogo
Angels	mimona headstart eLoan		KICKSTARTER
SEED&IL Investment Club	Israel-World		give2gether
Privateequity for intelligent people	crowdmii ISRACROWD Jeocor		
TECHEXIT TECHNOLOGY FUTURE			
ExitValley			



Possible solutions

- 1. Using Yozma model to corporate with crowdfunding
- Exitvalley



- Equity based crowdfunding
 - Bridging Fund
 - An extension of a friends and family round, limited to 35 offers to nonaccredited/retail investors
 - Also limitation for the total amount money
 - Around \$150,000
 - No data for investors



Possible solutions

- 1. Using Yozma model to corporate with crowdfunding
- Exitvalley



Jerusalem Institute for Israel Studies
Milken Innovation Center

- Co-invest
 - Around \$300,000 per Venture for seed fund (25% ownership)
 - Lower the entrance of retail investors due to the 35 people rule
- Accelerator
 - Limited partner for a new accelerator
 - Around \$150,000 per Venture for pre-seed fund (15%-25% ownership)



Possible solutions

- 1. Using Yozma model to corporate with crowdfunding
- Crowdmii & Jewcer



- Non-equity based, Israel related
 - Focusing on impact
 - Investors - **communities** and **organizations** who are **connected to Israel** promote Israeli innovation, they hope to **engage** their audience
 - mostly **Jewish** and **Christian**, especially Christian Zionists
 - Unique crowdfunding platform is tailored specifically for initiatives that benefit the Jewish people
- Pro-active campaigns



Possible solutions

- 1. Using Yozma model to corporate with crowdfunding
- Crowdmii & Jewcer



Startup
Engagement

Campaign Ambassadors
communities and organizations
are on board, in advance

Campaign on
crowdfunding platform

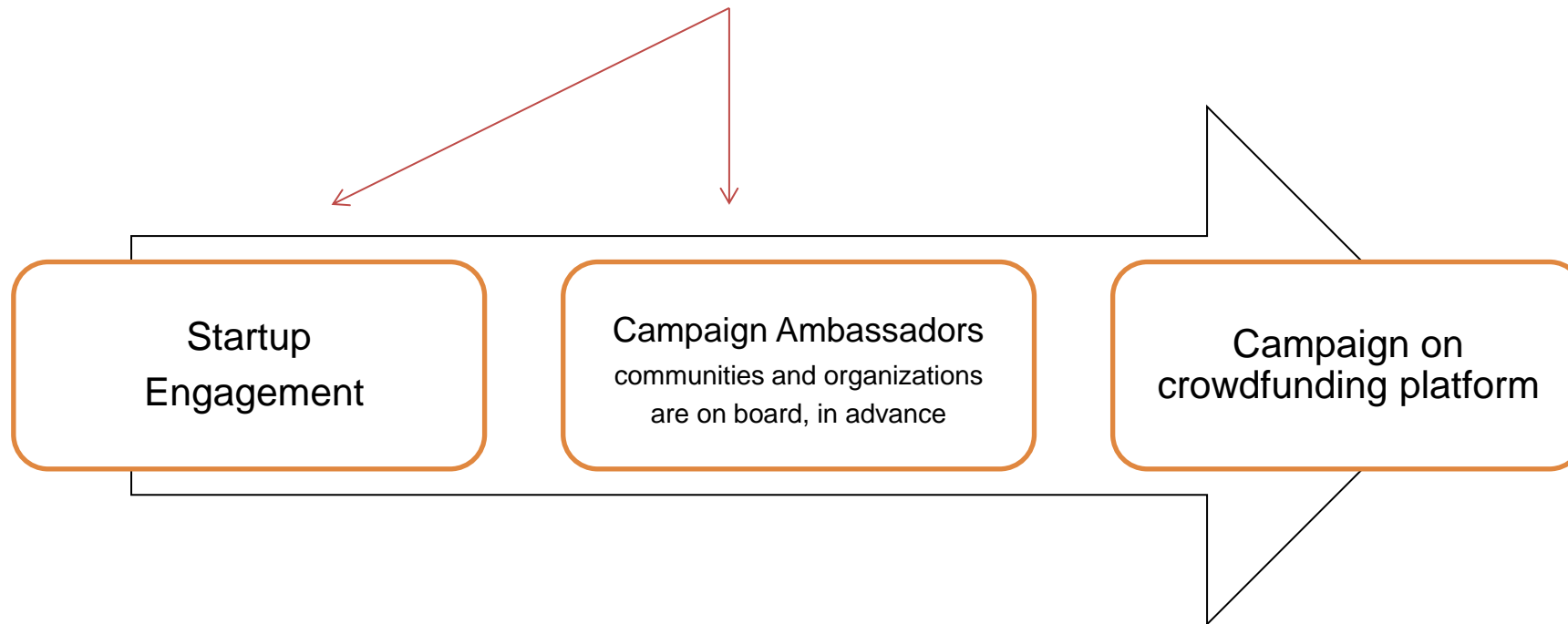


crowdmii
MADE IN ISRAEL • POWERED BY YOU



Possible solutions

- 1. Using Yozma model to corporate with crowdfunding
- Crowdmii & Jewcer



Possible solutions

- 1. Using Yozma model to corporate with crowdfunding
- Ourcrowd



- VC using Crowdfunding platform (Angels association)
 - After financial check, total 12,000 accredit investors around the world (especially in America), 3,500 are active investors.
 - More than 70% of portfolio companies are based in Israel
 - 50-person due diligence team, OurCrowd puts in about 5 to 15 percent of the funding for every deal
 - take board seats and have rights like pre-emptive or anti-dilution rights
 - Series A (\$1.5M) & Seed fund (OurCrowd First, \$0.5M)
 - Successful stories for AT

ReWalk™

- Social responsibility - Tmura



Possible solutions

- 1. Using Yozma model to corporate with crowdfunding
- Ourcrowd



- Co-investment
 - Previous experience with GE Venture and UOB







- Limited Partner of the new fund
 - Seed fund like OurCrowd First



Possible solutions

- 1. Using Yozma model to corporate with crowdfunding



Crowdfunding	Type	Investors	Regulation	Social impact	Co-investment model
	Equity-based	Retail Investors	No more than 35 people can invest the same venture	Low	Co-invest Accelerator
 	Non-equity Donation	Retail Investors + accredit investors (Communities and organizations)	None	High	Partner for Communities Co-invest before pro-active campaign
	Equity-based	accredit investors	Follow Accredited investor rule	Medium	Co-investment Limited Partner of the new fund



Thank You

