

Van Leer: The Roots of the Technology Incubator Grew from a Traveling Circus during the Days of World War II

Six companies operate within the Van Leer Jerusalem technology incubator. One hopes to identify the streptococcus virus through a cough test. Another company is developing a miniature GPS. The technology incubator CEO: "We create connections to industry for our companies."

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The story of the Van Leer technology incubator in Jerusalem is unique, in part because of the Van Leer family story. At the beginning of the 20th century, Bernard Van Leer, a Dutchman, invented a process for closing and sealing oil barrels. Based on this invention he founded a company that became a world leader in the packaging industry. His fortune was invested in uncommon ventures - during War World II, Van Leer acquired a circus and traveled with it to the US.

The adventures of the Van Leer circus during World War II are fascinating, but this article's interest is with the post-war years, when Bernard Van Leer returned to Holland and established a foundation to promote the development of children in distress, a cause he devoted his life to.

Bernard's son, Oscar, initiated the Foundation's Israeli ties with investments in the Soreq Nuclear Research Center and the Weizmann Institute. In addition, he founded the company El-Op, though not through the Foundation. Later, the Van Leer Foundation was one of the investors in Advent and the Israel Fund Gemini and one of the founders of Inventech. Bernard's second son, Wim, was active in promoting intellectual culture in Israel.

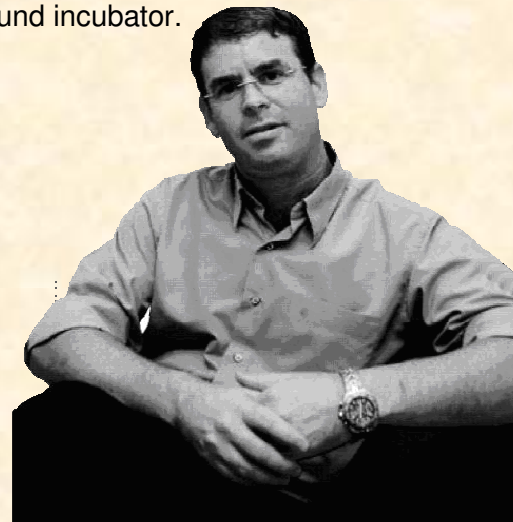
Today the Van Leer group includes 4 activities: a foundation for pre-school aged children, the Van Leer Institute for cultural research in Israel, the Film Center in Jerusalem and an investment company named Docor whose function is to leverage the philanthropic fund by investing in technology companies with significant activities in Israel, and recently investment in mature companies – not necessarily technological in nature.

This is the tradition from which the technology incubator, also known as Van Leer Technology Ventures Jerusalem, obtains its inspiration: entrepreneurship, Israeli industry, philanthropy,

Jerusalem – and all combined with a Dutch flavor and a touch of culture.

The technological incubator, a joint subsidiary company of Docor and the Jerusalem Development Authority, engages mainly in communication and secure information technologies, industrial support applications, polymers and nanomaterials and medical and diagnostic equipment.

The chairman of the technology incubator is Dr. Alon Dumanis, CEO of Docor and former Head of The Material Command in the Israel Air Force. The CEO is Oren Gershtein, formerly an economist with Singer Even Ltd., manager of the software incubator of Zeevi Computers and Technology, and VP of Finance and Operation at the JVP Studio, JVP Fund incubator.



Oren Gershtein

Not Afraid of Technology Risks

Today the technology incubator manages six companies. Eighteen of the graduate companies are still active, and 2 of them performed exits: ELAM which merged with LyTec Asia and Immodar which sold the rights to its flagship product to Teva.

The most prominent of the graduate companies are: Secure Islands and X-Sight. X-Sight developed a runway scanning technology for early detection of objects that might interfere with flights, endanger aircraft or detain flights causing major airport delays. The company has raised 4.3 million dollars thus far from Docor and private investors. Secure Island developed a new method to secure information in large organizations and has raised 1.1 million dollars to date. The two companies are already selling their products to leading customers around the world.

Of the companies active in the technological incubator, Gershtein points out in particular Origin GPS (developing a miniature GPS to be used in mobile phones); DBSophic (improving data storage performance) and Optical Diagnostics (developing a test for the quick diagnosis of the streptococcus virus).

"We're looking for companies that have big market potential and we are not afraid of big technology risks", says Gershtein, describing the incubator's investment policy. "We choose the highest quality entrepreneurs, technology wise, and expect them to bring core knowledge of the field in which they would like to operate. It is also important for them to be team players. If an entrepreneur is lacking the business capability required, we may build this together with him or we will recruit an external business figure to do so".

According to Gershtein, the greatest assets the incubator can provide the companies are experience and connections. During the first or second quarter of each company's activity the incubator, together with the company, forms a strategic plan. Based on this plan, contact is made with leading professionals in the relevant field.

"We work with such industry leaders as Shimon Eckhouse (founder of Syneron), Shlomo Kramer (one of the founders of Checkpoint and Imperva) and Avner Raz (former CEO of Lumenis, Elisra and head of the Israel Military Industries). We bring them to each company and put them on the board, even at the expense of our own seats", he explains. If the incubator believes in a company, it devotes all the necessary resources to bring it to the first round investment, also beyond the accepted incubator budget. Work toward the first round begins immediately after establishment of the company and not towards the end of the

company's time at the incubator, when it is often too late.

"We connect our companies with leading investors and potential partners and ask them 'what exactly will you require in order to invest in the first round'. Based on their answers we improve the business plan", says Gershtein. Accordingly, the incubator takes pride in a group of sponsors who sit on its investments committee and are available for consultation and guidance, including executives from IBM, Intel, Teva, Mercury, Orange and Motorola.

VAN LEER VENTURES



Established: 1992

Privatized: 2003

Owners: Docor, Jerusalem Development Authority

Fields of Activity:
Communication, Secure Information Technologies,
Industrial Support Applications, Polymers and
Nanomaterials, Medical and Diagnostic Equipment

Chairman: Dr. Alon Dermanis

CEO: Oren Gershtein

Prominent Companies: XSight, Secure Islands,
DBSophic, Origin GPS, Optical Diagnostics

Reaching Toward Academic Institutions

Originally, the technological incubator was established at Har-Hachotzvim. With its privatization by the Van Leer Fund in 2003 it was transferred to Givat Ram, to be close to the Hebrew University and its commercial company, 'Yissum'.

"We believe that physical proximity is stronger than any written agreement", says Gershtein. With time the incubator strengthened its relationship with the engineering field as well. "We decided to provide scholarships under the name of Oscar van Leer to the Engineering College, and we host students working on final projects, "when we wanted to build a laboratory for advanced materials, we did so at the college so that it could serve the students as well. Thus we contributed to the college and established a presence there. We intend to create additional branches of this kind".