

Virginia Israel Advisory Board
Summary of FY2004 Activities
Summary of FY2005 Goals

Submitted by:

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Virginia Israel Advisory Board Summary of Current & Future Activities

Goals for FY 2005

- Leverage the success we have had for attracting manufacturing company to Virginia, Food Tech, by targeting Israeli manufacturers that need to expand their operations in the US because of demands by their suppliers and/or the need to produce in the US to meet obligations under the Buy American Act and FMF Military Funding requirements. Our goal is to establish at least one additional Israeli manufacturing facility. Anticipated investment: \$10 - \$15 million and job creation of 100 - 150 people.
- Addition of five new Israeli companies in Virginia's northern high tech corridor adding 40 jobs and an investment of \$10 million.
- Bring four market entry ready Israeli High Tech companies to Northern Virginia for presentations to 60 Angel Investors. While this is a VIAB initiative, we will coordinate this effort with Fairfax County and a US leader in Angel Funding, John May, who is located in Northern Virginia. Any company receiving funding will be required to establish US headquarters and/or a branch in Northern Virginia.
- Facilitate the establishment of 4 – 5 Israeli Homeland Security company headquarters and/or branches in Virginia.
- Two new Israeli companies entering the VITAL program at Virginia Tech Corporate Research Center and/or in cooperation with Carillon creating 10 jobs in the first year and an investment of \$2.0 million.
- Generate 25 qualified leads for potential Israeli manufactures and/or service companies. The VIAB will facilitate the conversion of the leads into Virginia projects through cooperation with the other State Agencies such as the VEDP and the County EDPs.
- Mentoring for young Israeli companies in Virginia that will result in an increase of 40 job positions and additional investment of \$2.0 million.
- Monitor and assist in the establishment of an interactive cultural and learning program between students at the Cape Henry School in Virginia Beach and Alliance High School in Tel Aviv. The program is the result of an Israeli Teacher's Delegation that the VIAB initiated in the Spring of 2004.

The Virginia Israel Advisory Board expects to impact the Virginia economy in FY 2005 by adding 150 jobs and new direct investment totaling \$14.0 million.

Review – Achievements for FY 2004

- **FoodTech moving to Virginia.** Facilitated the deal that will bring an Israeli food manufacturer to Emporia. This will create 120 jobs during the first phase of manufacturing and this number should double within 3-4 years.

- **Homeland Security.** The VIAB was a sponsor and moderator for a major event that brought 60+ leading Israeli Homeland Security companies to the Virginia/DC area. This event had a dual purpose: 1) To give Virginia a first opportunity to examine cutting edge technologies that can be implemented locally to heighten the States security and 2) As an economic development opportunity since most of the companies need to establish a presence in the DC/VA area for business development purposes. This should result in 100 – 200 jobs to be created during the next 1 – 3 years in the service sector. Additional jobs are expected to be created in the manufacturing sector based on the needs of these companies. Manufacturing facilities will be strategically located throughout the State.
- **Assisted Virginia localities and the VEDP** by bringing major Israeli manufacturers such as Albaad and Syfan to evaluate Virginia as the best opportunity for establishing US manufacturing presence. These companies represent manufacturing potential of over \$50 million and job creation of over 200 jobs. Sadly, Virginia did not succeed and these companies chose NC. The VIAB is acting on lessons learned from these disappointments by taking the following actions:
 - 1) Personal meetings were conducted in Israel with the consultant responsible for bringing these companies to NC which has lead to the consultant committing to visit and consider Virginia when her receives a new client. *(Note: The consultant will visit Virginia with a new potential client in November, 2004 as was agreed.)*
 - 2) A problem surrounding the interpretation of Virginia code involving tax credits was identified and addressed in discussions between the VEDP and the Secretary of Commerce Michael Schewel. This problem was the cause of one company to abandon Virginia as a potential location. We believe the problem has been successfully addressed and will not recur in the future.
- **Facilitated expansion of Israeli companies located in Virginia** by opening our network of people related to government sales. For example, Tadiran Telecommunications expects to add 15 jobs in their Virginia office within two years if they are successful in penetrating the Federal Market through their Virginia office.
- **Facilitate connections with Virginia Tech Corporate Research Center, the Carillion Biomedical Institute and Israeli companies through VITAL (Virginia Israel Tech Alliance).** Two companies are currently exploring how to enter the US market through these programs and alliances. A major NIH study is planned between the Virginia Tech Veterinary School and an Israeli company.
- **Developed a mentoring program of experts** who will guide Israeli companies that want to establish a Virginia presence. This should give Virginia a competitive advantage over other States.
- **A cultural/educational achievement:** The VIAB initiated and organized an interactive mission of teachers from Israel which included a Christian Moslem Israeli principle of a School in Haifa. The mission had 15 meetings with groups in various schools and communities throughout Virginia. The theme of the

interactive mission: tolerance. ***Result of a the program:*** The beginning of an interactive program between The Cape Henry School in Virginia Beach and the Alliance High School in Tel Aviv. An exchange program should take place during the Spring of 2004.

Economic Impact of the VIAB: The economic impact made by the VIAB on Virginia is significant. Based on the relatively small investment compared to gain, the IRR is estimated to be 336% with a NPV of \$4.9 million. (*see Appendix B*)

Appendix A

Companies VIAB is currently working with

Companies		
1	Diverse Securities Technologies (formerly SafeCard)	The VIAB facilitated the company's decision to locate in Virginia Beach. The company has already expanded by acquisition of another company, "Police and Sheriffs Press" which moved to Virginia Beach from Georgia. Since then, the VIAB has been active in facilitating growth through our government connections.
2	Blade Fusion	These 7 young companies opened offices in Northern Virginia via the efforts of business developers. We work with the business developers to facilitate and assist when needed. While they are young startups in the US, we expect them to grow and continue to use Virginia as their base. Their areas of concentration include: Computer security infrastructure; one-on-one database marketing systems; Search engines; Corporate Software knowledge management; Fraud protection software, data mining for business applications.
3	Subratec	
4	Corpora Software	
5	Viewlink	
6	Sagramatha	
7	Gammasite	
8	Log-on	
9	SHL TeleMedicine Ltd.	World leader in telemedicine service provider. Integrated provider of services, products and strong IT. Proven, unique business model. Purchased Raytel, U.S. Concentrate in the cardiac area. Potential: Develop an integrated call center for Central USA. Test and develop new applications for their medical devices. Visited Carilion and working on developing joint project.
10	FoodTech	An Israeli food manufacturer will establish a manufacturing facility in Emporia, which will create between 100 – 120 jobs during the first year and could more than double the number of jobs in the next 2-3 years.
11	Bar Kal	Hyperspectral Sensing. Potential: They are seeking a strategic partner through which to expand into the US.
12	Rafael	Major Israeli defense manufacture currently seeking to enter the homeland security market. Working with them to establish presence in Northern Virginia with potential to manufacture in Southern Virginia.
13	Elta	Similar to Rafael, this large Israeli defense company is seeking to establish an independent subsidiary for its homeland defense division. We are working in cooperation with Fairfax County to attract them to Northern Virginia.
14	Ace	A company that has developed unique software to improve cognitive response in sports such as basketball. We are working with them to encourage cooperation with Virginia Tech to build a new module for football and then to grow the company from the VTCRC.
15	EPC	A company that has developed an alternative to septic tanks using an aerated bio system. We worked with the company in the past and they are now interested in reestablishing our connection and exploring new ways that will enable them to enter the US market and use Virginia as a manufacturing base for this part of the US.
16	SAS	Developing an analgesic drug. Have been working with them to conduct a major NIH study in cooperation with the Virginia Tech School of Veterinary Medicine.
17	Haifa and Norfolk	Working with both cities to develop a special "business twinning" that will result in a win-win for both communities. The Israeli Shippers Association with over 500 members who ship through out the world are seeking special conditions with Norfolk that will result in the Association's recommendation to its members to shift their shipping to the US to the Norfolk port.
18	EL AL direct flight	In past years we tried to develop a direct flight for El Al to Dulles Airport. The Governor and the Ambassador discussed it during a meeting they had last year. Because of the situation in the region, it was impossible to promote such a flight because there was no economic justification. The situation is gradually improving and we are once again working to convince EL AL that this route would be advantageous and lucrative for them.

19	Rav Raf	An Israeli company with a patented interlocking roof design. They want to enter the US market and produce the roofing material in the US. The VIAB is working with them. Meetings have already taken place with experts in the field in Virginia.
20	Zag	Plastic manufacturer of tool boxes. Sold company to Stanley. Need to partner with plastic manufacturers in the US to produce their product.
21	CD Anywhere	Create group developing new products. Patented cassette for CD storage is the first product. They are looking for US presence, development of relationships with large retailers, and possibly manufacturing.
22	Global Medical Network	Developed a unique approach to solving the problem of collecting patient data and centralizing it for patient or hospital use. Totally HIPPA compliant. Uses a unique, patented data storage system. Easy to implement. No interference with current computer programs. Potential: Want Beta site (3-5K people) in US and validation of technology. Discussions with Fairfax Hospital for beta testing.
23	Mitzuv	A consulting firm that works with various clients. Current product, EZ Jet. Interested in working with Carilion and to manufacture in Virginia. This project is in its early stages and will take 1-2 years to develop.
24	AGM - Etdarim Group	Consulting Group with many contacts.
25	Evergreen Venture Funds	The VIAB introduced one of Israel's top three top Venture Funds, Evergreen, to Virginia Tech. Two days of meetings took place with the hope that collaboration will develop. Potential: Evergreen has just opened their 9 th fund, a Life Science Fund. They need US partners. VT/Carillon may be potential partners for introducing new developments into the US market.
26	Globecom Interactive	Facilitated introductions to potential Virginia clients at a time when the company had to struggle to maintain itself in this current economic climate.
27	Main Net PLC	Promoted meetings with AOL and facilitated connections in various part of the State.