

ILSI – Harnessing Israel's Life Science Energy

Israel's umbrella organization for the life science sector provides greater strength through unity.

The life science industry, based on biological knowledge and research, is one of the most technology-intensive industries in the world. Israel is a significant player in the dynamic life sciences sector as a result of its interdisciplinary capabilities, which bring together cutting-edge developments in medicine, an excellent research base, software expertise, material science and top engineers.

Innovative and Competitive

Behind this are driven, innovative, competitive companies. Israel's successful and rapidly growing life science cluster is equivalent in size to the major U.S. life science clusters in the Silicon Valley, San Diego, Boston and Minneapolis.

Non Profit Organization

The Israel Life Science Industry Organization (ILSI) is a non-profit registered organization founded in 2005 to serve the specific needs and agenda of the diverse life science cluster in Israel.

The mission of ILSI is to research, develop and advocate policies and activities that will promote the industry domestically and abroad. The strengths of the life science industry are numerous and are encompassed in the medical devices, biotechnology, pharmaceuticals and Agbiotech sectors – each of which has different business

models, markets and product development lifecycles. In addition to the life science companies, ILSI incorporates data of the service provider sectors with expertise in finance, law, marketing, insurance and regulatory affairs, as well as universities, biomedical research institutions, incubators and technology transfer organizations (TTOs).

A Decade of Growth

The Israeli Life Science Industry is young and growing. Of the 700 companies operating, 56% were founded during the last decade. A closer look reveals that approximately one quarter or 173 of the Industry was established in the last five years. 306 companies were established prior to 2001, with the oldest one, Teva Pharmaceuticals, founded in 1901. From 2001 to 2005, the industry experienced annual growth equaling 12%. In total, the industry grew by an additional 223 companies between 2001-2005. In the past five years, industry growth has remained stable with approximately 40-45 new companies established, annually.

The industry's growth has decelerated over the past three years due to the global economic crisis. This phenomenon is seen both in Europe and the USA. The data suggests that approximately 200 companies have ceased operations due to lack of financing. Furthermore, the largest sector of the Israeli Life Science

industry has been negatively affected by the changes in regulatory environment in the USA. Finally, the fear of the unknown embedded in the Healthcare Reform in the US has negatively impacted both corporations and investors, therefore affecting the pace of investment and the number of companies established in the 2008-2010 timeframe, and funds available to follow-on investments. Despite these difficulties, it is important to note, that companies currently operating have matured and their offering is more solid. Many have moved to more advanced stages of clinical trials or have entered the commercialization stage. More importantly, the cloud of the unknown has been lifted. Although the reform has not yet been enacted, service providers such as hospitals, clinics hospitals and the consumer have began a process of change.

We whole heartedly believe that Israeli industry is well equipped to benefit from these changes as it has many of the skills and infrastructure to compete in areas such as communications, imaging, monitoring, advanced devices and diagnostics so critical in the era of personalized medicine, prevention and remote health services.

Companies Developmental Stage

56% (396) of the 702 companies were created within the last decade. Of those, 27% or 105 companies are revenue generating entities. The remaining 214 revenue generating companies are mature and were created prior to 2001. More impressive is the fact that 25 companies or 8% of all revenue producing companies were established within the last five years. Approximately 16% of the life science industry or 110 companies are at the seed stage, 11% or 74 companies are at the preclinical stage and 146 or 21% of the companies are at the clinical stage.

A closer look at pre-clinical and clinical stages reveals that 38, 21 and 11 companies of the medical device, biotechnology and pharmaceutical companies, respectively are currently in the pre-clinical stage. Concurrently, 87, 31 and 22 companies of the medical device, biotechnology and pharmaceutical companies, respectively are currently in the clinical stage.

The Israeli Life Science Industry is heavily biased towards the medical device sector, with 401 companies or 56% of the total. Biotech is the second largest sector with 130 companies or 19% and Pharmaceuticals is the third with 76 companies or 11% of all life science companies operating in Israel. Presently, medical IT represents 8% with 53 companies and AG-biotech,

which is poorly represented in the database, has only 13 companies or 2% of the total.

ILSI Mission Statement

The mission of ILSI is to research, develop, and advocate policies and actions that promote biomedical science, biotechnology, Ag-Biotech and medical device innovation in the State of Israel.

Create a favorable environment for the State's biomedical and health care technology community to discover, produce, and deliver products that benefit society.

Provide a forum to identify, analyze, and develop positions on public policy issues that affect Israel's biomedical and health care technology interests.

Provide a forum that will allow the Life Science industry a platform from which it can exhibit its innovation, exuberance and growth to the international markets and healthcare players.

Communicate to public officials, providers, patients, and the general public the value embedded in the Israeli life science technology community as a contributor to both health and economic growth.

Within three years of activity, ILSI had become Israel's premier life science industry organization. The organization focuses on initiatives that positively influence the growth of the life science industry, in areas including public policy, workforce development, and scientific discovery and development.

ILSI's Objective

ILSI's objective is to ensure that in the dynamic field of life science, the intense collaboration among the various companies, and between companies and academic institutions, continues to foster a cross-fertilization that will drive research innovation and creativity.

Such collaboration helps different cluster players to remain current on rapidly evolving technical aspects of the industry, and to move more efficiently in a competitive arena that rewards innovation and speed-to-market.

Given the pace of innovation underway, it is clear that the Israel life sciences sector and its enhancing innovation will continue to develop its unique research and commercial strengths as a significant key player in the high-tech industry in Israel.

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