



Dear Friends,

I am not a big fan of overhyped buzzwords and trends, but when it comes to Big Data, it seems that we are just beginning to grasp its massive influence on every aspect of our lives. What many consider to be this century's "new oil" – Data and Analytics – is the focus area for this edition of Doing Business in Israel.

This edition includes updates about noteworthy transactions in the Israeli market and a short sally to the "Silicon Savannah" Israel is helping build in Kenya. In our Cultural Bite section, we'll raise a 'l'chaim' (toast) to Israeli wine with information about wine tours that tell the story of the country's spirited wine industry.

As always – your feedback is most welcome.



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Latest Transactions

Ebay Buys Israeli Startup Corrigon for \$20 Million

Corrigon has developed face-recognition technology that helps identify objects within an image, matching both visual and textual elements to ensure that the image is recognized, correctly classified and best-matched to its corresponding product.

Ford acquires SAIPS to Advance Autonomous Cars

This is the American car manufacturing giant's first acquisition in Israel. SAIPS develops computer vision and machine learning solutions.

Toy Giant Mattel Bring Toys to Life with StartApp

StartApp, an Israeli-founded mobile platform that helps publishers monetize, distribute and advertise in apps and on mobile websites, will help Barbie get into the digital media arena. Under the multi-year agreement, StartApp will become Mattel's premier licensee to create digital stickers, emojis, wallpapers, gifts, etc. for a number of Mattel's leading brands.

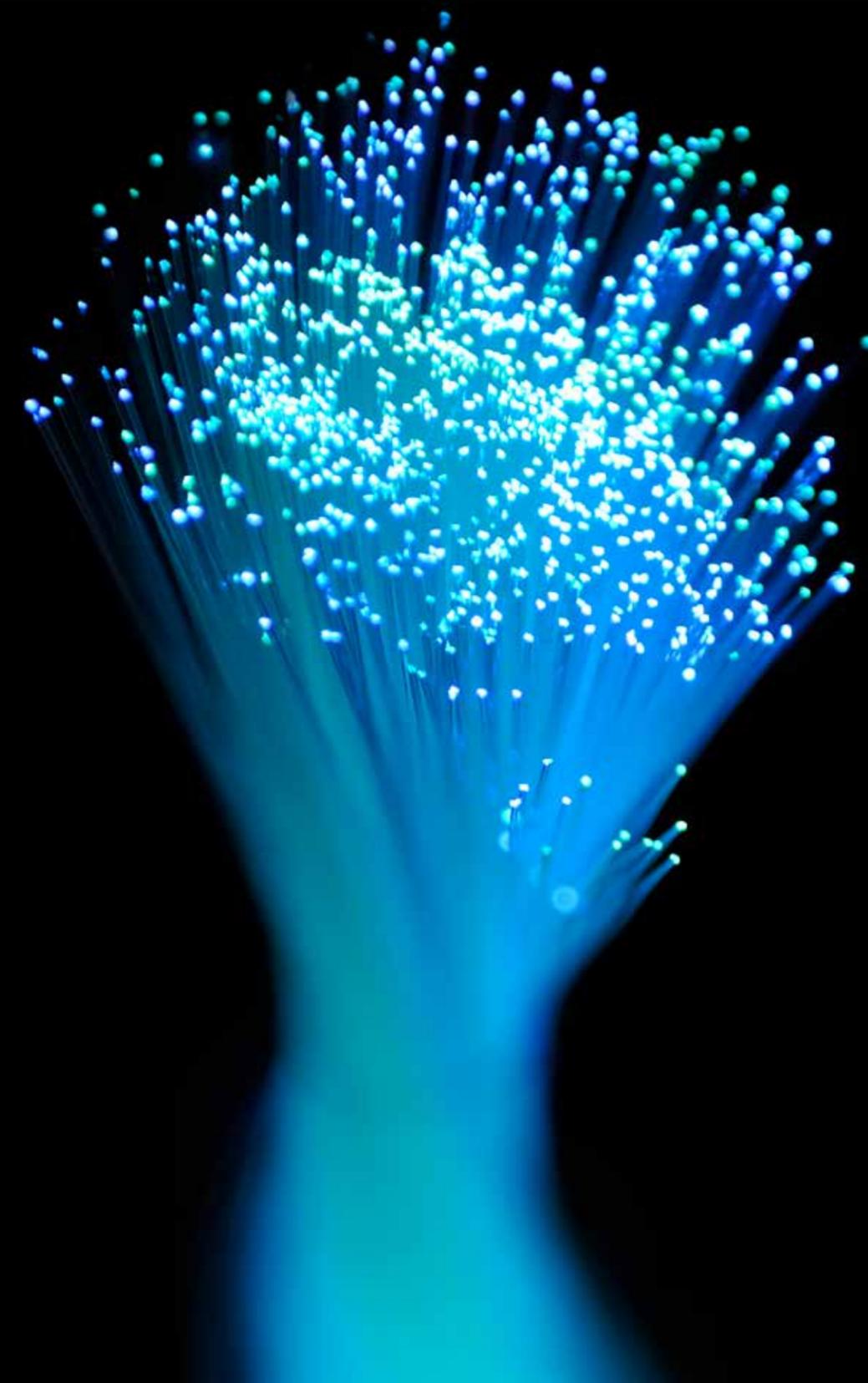
CA Technologies Buys Blazemeter for \$100m

Blazemeter specializes in open source application performance testing. The deal enables US-based CA Technologies to better bridge its application performance and DevOps portfolio with open source efforts.

Netafim Buys Central American Irrigation Company Rym

The Israeli irrigation systems company continues expanding its operations in Central America, acquiring 60% of the Costa Rican irrigation company RyM.





01 Focus Area

“Data is the New Oil. Using Data to Maximize the Company’s Performance – Turns this Oil into Fuel”

The Data & Analytics team at KPMG Israel creates custom-made Big Data solutions for companies, based on a very clear mindset: one of the main parameters to determine the value of an organization in the future will be their data and the way they interpret it

By Moran Ben Gigi, Head of D&A
and Leeor Moses Voronov, KPMG Israel

“We create custom-made ‘brains’ for our clients”, says Ben Gigi and then clarifies: “We come up with technological solutions and assets that are based on big data analysis. Even though we’re not fortune tellers, we aim to predict the future based on data.” Ben Gigi believes that the ONLY parameter by which the value of companies will be determined in the near future is the amount of data they possess, its quality and how they choose to handle it. “Not the personnel, patents, real-estate or yearly income – just data”.

The two explain that one of the biggest questions organizations from a variety of industries are asking

“We operate as a startup within KPMG. We target pain points, develop use cases to solve them and build prototypes”

themselves today is basically “Who moved my data cheese?” According to Moses, “Many small or medium sized organizations don’t realize they actually already retain big data and not just ‘regular’ data. The volume of the data we have today, globally, has doubled in the last two years. But it’s not only the volume. Whereas in the past all the data was logged into huge tables, today’s pool of information has many new forms - video, voice, text, comments, reactions and images. The way big data architecture works is based on a completely new thought process - instead of changing the information in order to adapt it to an existing and fixed database format, we can throw any kind of information inside the ‘data lake’ and store the information in its original form.”

Ben Gigi adds: “In the pre-big data world, the only way to know the end customer was based on insights from interaction between them and the organization. In addition, you had to run different database queries in order to get a clear picture. Today we work the other way around - do exploration. We don’t have to go and look for the information based on very concrete questions anymore. We let the data deliver the insights. By doing so, we can analyze the sentiment of TV viewers to build prediction models, use Predictive Maintenance via sensors that sit inside the system’s brain to anticipate points of failure and stop the machine before it explodes, and it’s endless.”

Ben Gigi strongly believes that data is the new oil. “But having the capacity to reach it, verify it and use it to foster maximized performance across the enterprise – turns this oil into real fuel”, he says.

This is where the D&A team can increase the client’s value: Instead of implementing a generic external system, they combine technological capabilities with the vast knowledge and experience KPMG has with its clients, to create custom-made solutions that help organizations achieve unprecedented insight into internal and external factors that drive their risk, or boost their performance to a new level. “We don’t sell ‘off-the-shelf products’ but rather customize the entire solution according to the client’s specific needs”, says Ben Gigi. “Using an existing technology leverages our capability to create “quick wins” for our clients”.

The vibrant D&A team has already developed more than 16 solutions. “We basically operate as a startup within KPMG”, explains Moses. “We target pain points, develop use cases to solve them, build prototypes and so on. This ‘startup’ is composed of many small solutions for different sectors (retail, real estate, distribution, etc.) that provide end-to-end solutions. These solutions are based on real business use-cases and not just developing technology for the sake of technology. “Unlike independent startups, which at some point get sold to a bigger entity, our work is evolutionary . We strive to create an entire ecosystem of data analytics.”



90% Of data in the world has been created in the last three years alone

\$132 Billion
Projected revenues of worldwide Big Data market by 2020 (up from \$70 billion in 2015)

Source: Frost & Sullivan, 451 research

Many of these solutions are tested in their cloud-based lab. The client can ‘step into’ this lab to get the look and feel of the solution he/she is interested in. “The client uploads his/her data to the lab and is then able to see how the solution work for his/her business”.

KPMG Israel – Data & Analytics Capabilities

Big Data Solutions

Using statistical engines to find the most relevant information that will bring value to the organization.

Customer Segmentation & Prediction

Using machine-learning capabilities to create complex customer profiles and a forecast of individual customer's needs and actions to help organizations adapt perfectly to the customer's requirements.

Social Media Analytics

Customers express themselves freely on social media, therefore, it constitutes a reliable and powerful source of information that can be used for complex data analyses of public opinion, sentiment analysis, and a more comprehensive understanding of the customers' needs.

Cognitive & IoT

Continuous transmission of data from a system in the field makes it possible to perform cognitive analyses including NLP, Deep Learnings and AI (artificial intelligence).

Anomaly Detection & Fraud

Data patterns provide a view of "normal behavior" of the organization and its clients. Detecting the "abnormal behavior" allows to spot potential fraudulent or misuse actions and provide an alert in real time.

Analytics Lab

An advanced cloud-based lab for innovative business solutions. The lab provides an impression of the types of solutions for various industries and the look and feel of the organization after integrating one or more of our solutions.



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02

Israeli Innovation

Tel Aviv Helps Build the “Silicon Savannah” in Kenya

After years of being home to hundreds of startups and high-tech companies, Tel Aviv is now eager to share its vast knowledge and experience with other cities who aspire to become more innovative and more sustainable.

The municipal company, Tel Aviv Global, teamed up with the government of Kenya for an ambitious \$14.5 billion project to build its first tech hub in the city of Konza, outside the capital Nairobi.

This groundbreaking venture was announced as part of the DLD Tel Aviv Innovation Festival that took place in September. The Konza smart hub, also dubbed “Silicon Savannah” or “Techno City”, will be built on 5,000 acres of land.

Slated for completion by 2019, the project will be home to some 30,000 residents and offer 17,000 jobs in the initial phase. By 2030, it is expected to grow to 200,000 residents with thousands of additional jobs.

Besides a science and business park, other elements which make Konza a smart city include, integrating communication networks into the urban fabric, linking the city services automatically to the infrastructure, businesses and residents. An advanced system will collect data from sensors in different locations to efficiently serve dwellers and business people in the fields of transportation, events, public safety, environment and more.

In the coming months, the City of Tel Aviv will host entrepreneurs and developers from Kenya to meet with Israeli experts in order to create urban and technological models for the new city. The initiative “Acceleration Academy Tel Aviv” will provide academic courses at leading Israeli institutions on topics such as institutional innovation, technology transfer and innovation in management. Another important part of the program includes connecting Israeli startups that market to African countries with the founders of the new city of Konza.

See the Konza plan overview:

https://www.youtube.com/watch?v=BP_MmHplS5g



03 Cultural Bite

Get a Taste of Israel's Wine Revolution

Despite being known as “the land of milk and honey” since biblical times, Israel also has more than 2800 years of wine-making history.

While the roots of wine-making in Israel run deep, the modern age in Israeli wine-making started only in the late 1980s. Winemakers who studied and trained abroad have transformed it into a thriving industry and today over 300 wineries producing 36 million bottles a year.

From small boutique and family wineries, to large commercial production plants, the quality of these new wines, despite the scarce farm land, has been capturing the attention of wine connoisseurs worldwide.

Going on one of the many wine tours while visiting Israel is an opportunity to see the country through the prism of its wine history and also get a taste of this up and coming industry while enjoying some gorgeous views.

The Israeli Wine Market



300 wineries

Operate today in Israel

Timeline:



35

Industrial wineries, the remaining are medium or boutique size



36 million bottles

Are produced in Israel annually (~)

10% of revenues

Come from overseas export

US, France, UK, Germany

The main importers of Israeli wine



*Source: www.winesisrael.com