

BDO US & ISRAEL DESK 2022, Q4 REPORT

This has not been a smooth year for international markets to say the least, we've seen that American and Israeli businesses were hardly immune to the effects of increasing interest rates, with high inflation, the end of fiscal stimulus, as well as weak export markets all contributing to weighing down their respective economies. According to the latest **Bloomberg monthly survey of economists**, 7-in-10 believe there is a high likelihood that the US economy will sink into a **recession in 2023**, leading many to reduce their demand forecasts and cut their inflation projections in the wake of massive interest-rate hikes by the **Federal Reserve**. Normally the bellwether, technology companies were hit particularly hard in 2022, with investment rounds shrinking and layoffs affecting even the likes of **Meta, Amazon, Intel** and **Twitter**. On the other side of the Atlantic, during the first **3** quarters of the year Israeli high-tech companies raised over **\$12 billion in 530 deals**, a sharp dip compared with the previous year's record breaking figures.

The numbers for **2022** show two things clearly, the first is the deep extent of the investment slowdown in almost all parts of the tech economy, the second is that early-stage technology companies are still able to raise capital at smaller valuations and substantially more modest rounds. In early December, more proof of this widespread economic slowdown led **Isracard**, Israel's largest credit card company, to embark on a plan to streamline costs and operations by announcing that it was laying off 250 employees, approximately **12% of its workforce**. Looking forward, with an economic recession looming on the horizon, we expect manufacturers will be particularly affected by lower investment and weak household spending heading into **2023**. It is important for the **Venture Market** players to be tuned in to the changing winds. Some will affect valuations, others may effect the trends. We already know that the year to come is going to be a different show and that leverages the necessity of sharpening the market instincts and expanding the network connectivity to be exposed to as many opportunities that could be out there so the train is not missed.

OCTOBER 2022

- ▶ In a year that saw few substantial tech IPOs, **Intel Corp** took its Israeli developer of autonomous driving technologies Mobileye public on the **NASDAQ** in what ended up being the largest Israeli IPO ever at over **\$16 billion**, successfully reaching a valuation over **\$27 billion** by the end of Q4 2022. As it embarks on a capital-intensive process to become a foundry for other chipmakers, **Intel** will use some of the funds from the Mobileye listing to build more chip factories. As mentioned, Intel later announced plans to lay off dozens of employees in the US, Israel and other countries in what the company claimed was "a response to the market conditions and macroeconomic changes".
[For additional information click here.](#)
- ▶ Headquartered in **Palo Alto**, **TripAction** a travel management and expense management company for businesses founded by Israeli serial entrepreneurs Ariel Cohen and Ilan Twig raised **\$304 million**, in their latest **Series G** financing round, giving the company a valuation over **\$9 billion**. Part of the funding included a **\$150 million** structured financing deal from **Coatu**, as well as return investors **Andreessen Horowitz**. In December, **TripAction** said it had secured an additional **\$400 million** in credit facilities from **Goldman Sachs** and **Silicon Valley Bank**. The company, which plans to go public in the near future, intends to use the funds to expand globally and support all operations until its intended IPO.
[For additional information click here.](#)

NOVEMBER 2022

- ▶ **Dropit** Shopping, an Israeli technology platform for brick & mortar retail and commercial real estate clients, secured over **\$24 million** in a successful **Series C**. The influx of capital will enable it to build out its US sales office in Austin, **Texas**. Through this, the company will expand its team to over **100 employees** and add key hires to fill open positions across **12 states**. **Dropit** is looking to duplicate the success it found in Canada with **PRIMARCHÉ**, which operates as the world's first multi-mall, multi-brand marketplace, connecting Canadian brands and stores into one, one-stop shops that mirror the physical mall experience, in the US.
[For additional information click here.](#)
- ▶ **Vintage Investment Partners**, a fund-of-funds with over **\$3.6 Billion** under management across the U.S., Canada, Europe, and Israel, raised a new **\$631 million fund**, the firm's seventh to date. The fund will focus on 4 distinct venture funds, including "**Access**", "**Breakout**", "**Health Tech**", and "**Israel**". "There are gigantic challenges that only technological innovation can address, such as healthcare costs and insufficient hospital beds to treat a growing, longer-living population, the threats to water resources and food production caused by climate issues, and the broken global supply chain" said **Alan Feld**, Vintage Founder and Managing Partner.
[For additional information click here.](#)

DECEMBER 2022

- ▶ US cybersecurity firm **Proofpoint Inc.** has agreed to buy Israeli cybersecurity firm **Illusive Networks** for a sum nearing **\$150 million**. **Illusive Networks** develops deception technology for detecting targeted hacker attacks, protecting enterprises from cyberthreats like ransomware and identity-based data breaches. A statement from **Proofpoint** said the acquisition will help it strengthen its threat and information protection platforms, including proactive identification and remediation of identity risks, along with strong post-breach defense capabilities.
[For additional information click here.](#)
- ▶ Headquartered in Israel with offices in New Jersey, California and Taiwan, **ProteanTecs** was named the **Globes Most Promising Israeli Startup for 2022**. The company was founded in 2017 by the entrepreneurs that co-created the **NASDAQ** traded **Mellanox** (acquired by **NVIDIA** for **\$6.9 billion**). Past Most Promising Startup winners include **Fiverr**, **Monday.com**, **WalkMe**, **Gett** and **MyHeritage**. **ProteanTecs** is considered one of the leading providers of deep data analytics for advanced electronics monitoring by providing system health and performance monitoring to global leaders in the **datacenter**, **automotive**, **communications**, and **mobile** sectors.
[For additional information click here.](#)



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