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No longer 'that sh***y country': Europeans vie for Israel's high-tech affections

Israel has recently become the darling of Europe, with countries wooing sabra high-tech companies



For years, Israelis have played a game of “they love us, they love us not” with Europe — measuring statements issued by governments and officials, weighing words and phrases, in an attempt to figure out what they “really” think of us. No longer: Today the tables have turned, and it is Europe that is seeking the affections of Israel, and especially its high-tech prowess. In other words, Europe has come a long way since 2001, when [French diplomat Daniel Bernard](#) used an expletive to describe Israel.

Over the past month alone, for example, there have been a least a half-dozen major events sponsored by European governments here in Israel aimed at encouraging Israeli Internet, bio-med, agri-tech, and other high-tech companies to partner with companies in their own countries. France was here, and so was Portugal, both touting their advantages for Israeli companies at special events, especially in the tech field.

During the recent [DLD \(Digital Life Design\) festival](#) in Tel Aviv, Italy for the first time sponsored a tech partnership event, presenting Italian start-ups that financial leaders in Rome felt could work well with Israelis. The UK, for over a year, has had a unique program to attract Israeli tech partners, and last week UK Ambassador to Israel Matthew Gould [threw a party for Israeli entrepreneurs](#), who mingled with British tech folk who were here for DLD.

In fact, an entire event was held this week to encourage Israeli deals with European companies — the [10th annual Go4Europe conference](#), sponsored by investment firm [Cukierman and Co](#). Officials, companies, and representatives from all over the Continent came to the conference to encourage Israeli companies to work, do business, and open representative offices and R&D facilities in their countries. And while technology was not the focus of the event, high-tech played a major role, with many of the speakers talking tech partnerships, and a dozen Israeli tech start-ups giving short presentations to the hundreds of attendees.

Speaker after speaker at the event talked about how innovative Israel is, how so many of the modern technologies that make the world go round were developed here, how important their relationship with Israel was — and how important Israel was to Europe, and to the world.

Typical of the sentiments expressed was a comment by Dr. Werner Schnappauf, a partner at [Graf von Westphalen](#), one of Germany's largest independent law firms. Israel and the EU, and especially Israel and Germany, should work more closely, he said; it was in all parties' interests. "In the future world economy, it appears that the question will be whether it is a G-2 world (referring to the leadership of the world economy) — the US and China — or a G-3 world, consisting of the US, China, and an EU/Israel partnership," he said.

It sounds as if there is a contest going on for Israel's affections — and there is, said Xavier Buck, CEO of EuroDNS, which is in charge of the Internet's domain names in Europe. "Europe's old industries are falling, and EU countries are desperately looking for something to replace them," Buck told The Times of Israel at Go4Europe. "Governments see what Israel has accomplished, and they want Israel to help them become a tech power as well. They are actually fighting, if not physically, then using their marketing skills and government policy, to be the most attractive to Israeli partners."

For Buck, the Israeli formula is simple. “Israel just invests a lot more in research and development, with over 4% of the country’s GDP going to R&D. In Luxembourg, where I am based, the R&D component of GDP is around 2%, and it’s less in a lot of other countries.” The result is that Israel comes up with more and better innovations more often, turning undeveloped needs and markets into gold. “Europe knows that it must acquire new intellectual property to produce in the new tech era, and Israel has succeeded in doing that.”

But it’s not just a matter of investment: If it were, said Buck, EU countries could leapfrog their tech industries tomorrow. “The bottom line is that Israelis are just better at being entrepreneurs than Europeans, or people from many other countries. There is a contrast between Israel and Europe not only in the weather, but in the entrepreneurial spirit and culture. For Israelis, nothing is a given, and they have to fight for success in many spheres,” said Buck. “Europeans get everything handed to them on a silver platter, so there is no incentive to renew and reinvent, as there is in Israel.” The democratic socialism current in Europe may have its advantages, said Buck — but encouraging a start-up culture was definitely not one of those advantages.

Although it’s not what he came to Israel for, Buck had no problem giving a plug for Luxembourg as a partner for Israeli start-ups. “The government in Luxembourg is very interested in attracting business, and we have a lot of advantages. Luxembourg is the logistics center for Europe; a lot of multinationals are located there because it’s a European transportation hub.” For Israeli companies, that means easy access to markets in countries across the Continent.

Surprisingly, not many Israeli companies have opened facilities in Luxembourg. Recently, however, the government there passed new laws giving major tax breaks, grants, and other help to tech companies that open up shop in the country.

And Israel is definitely on the short list for countries that Luxembourg is looking to partner with, said Buck. “There is a real desire among many people in Luxembourg, as well as the rest of Europe, for the ‘angel mentality’ — the idea of risking money, time and effort on an innovative idea. That’s something Israel does very well, and we very much want — and need — to learn this. There is a real hunger for change, and we’re hoping Israel can help us move in the right direction.”

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