



HAREL · HERTZ  
INVESTMENT HOUSE LTD.

**Israel - Japan**

**Business Report**

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**January 2001**

**Dentsu, Softbank aim to bring iWeb to Japan**

New York and Israeli -based **iWeb Technologies** is joining a growing number of firms aiming to expand into the Japanese market, announcing a joint venture with Tokyo-based ad giant Dentsu.

The deal's architects hope to introduce **iWeb's iNotes** messaging technology to Japanese ISPs and Web publishers.

iNotes enables standalone, desktop applications that download information while not requiring users to go through lengthy software installations. The Alley firm positions these small applications as a way for companies to communicate easily with consumers -- typical uses include streaming content feeds like stock quotes, or providing secure access to bank or merchant accounts. In addition, ISPs can use the application to diversify their revenue streams by serving ads directly with their customers, no matter what Web pages the user is visiting.

Another partner in the deal is **Softbank Media and Marketing**, a firm that for some time has been instrumental in bringing U.S. companies into Japan under joint ventures. In late September, Softbank M&M teamed with ad-sponsored surfing firm AllAdvantage to spin out that company's services in Japan.

Other investors in the iWeb deal include Dentsu's online venture capital unit **Dentsu.com**, and Japanese online media buyer cyber communications, inc.

**Harel – Hertz was first to initiate the relations between iWeb and Dentsu, as early as December 1998 when Dentsu mission visited Israel.**

**e-Sim signs agreement with Hitachi Power Tools for digital manual conversion for its legacy manuals**

e-SIM Ltd. the leading provider of technology for Web-based product simulations and product design, announced that it has signed an agreement with **Hitachi Koki Ltd., USA**, who does business as Hitachi Power Tools, to make product documents such as owner's manuals and break downs available on the Internet.

Under the terms of the agreement, e-SIM will convert more than 400 of Hitachi's paper documents for both current and discontinued power tools into .pdf format making them easily available to their customers on the Internet. The manuals will be available in .pdf format at [www.hitachi.com/powertools](http://www.hitachi.com/powertools) as well as in HTML format on e-SIM's customer support site, [www.livemanuals.com](http://www.livemanuals.com). The manuals on Hitachi's site will be branded 'Powered by LiveManuals'.



### **e-Sim signs agreement to license its web-based simulation technology platform to Japan's largest product manuals outsourcing developer, Yamagata Printing, Ltd.**

e-SIM Ltd, the leading provider of technology for Web-based product simulations and product design, announced that it has signed an agreement to license its Web-based simulation technology platform to Page Factory, a division of **Yamagata Printing Company, Ltd.** Page Factory is the largest developer of product manuals in Japan, working with established brands such as Sony, Honda, NTT Group and others.

This non-exclusive agreement grants a license that will enable Yamagata to create Java-based Web simulations for its customers in the Japanese language for the Japanese market. The two-year agreement includes \$700,000 for the license, plus additional royalties from all sales to Yamagata's customers. With the license, Yamagata plans to produce Web-based simulations primarily for electronics manufacturers in Japan to provide them with the ultimate solution for customer support.

### **Omron Alphatec implements Viryanet's Service Suite**

ViryaNet a provider of wireless workforce management solutions for field service communities, announced that **Omron Alphatec**, an IT business solutions provider based in Japan, has implemented ViryaNet's Service Suite for its workforce management and service delivery processes. By utilizing Service Suite, Omron Alphatec believes it will increase workforce productivity and revenue. Earlier this year, the two companies formed a strategic alliance allowing Omron Alphatec to distribute ViryaNet's Service Suite and to co-market the software solution to Omron Alphatec's current Japanese customer base.

With the implementation of Service Suite, which includes ViryaNet's Service Contract, Workforce Management, Service Supply Chain, and Depot Repair solutions, Omron Alphatec hopes to address the growing desire of its customers for tailored CRM programs, based on integrated customer data services, and seeks to analyze and effectively re-use customer data for its CRM offering.

### **Nomura International investments in israel**

The Monthly Report has reported from time to time about Nomura International investments in Israel.

In order to put this in prospective ,we hereby list down the list of Israeli companies in which it invested so far:

#### **Internet:**

CommTouch, DealTime, SecurityVillage.com, Versaware.

#### **Software:**

ART- Advanced Recognition Technologies Inc.



@Mation.

**Semiconductors:**

Creo, Nogatech, Telegate.

**Telecomms:**

Witcom Wireless Communications.

**Tech Funds:**

Delta Ventures

Israel Seed Funds.

**Cyota secures \$11M in second round financing**

Cyota announced that it has closed an \$11 million second round of private financing. The company will use the funds to continue rapidly expanding into the European and Asian markets.

**Cyota's** flagship product, **SecureClick**, allows consumers to make purchases online without revealing their real credit card number. The system replaces the number with a unique, protected number, and also checks the customer's final invoice for discrepancies.

GE-Giza Managing Director Zvi Schechter led the round of financing, which also included a significant investment from Dresdner Kleinwort Benson, **Toshiba's iVC** company, Poalim Capital Markets, **Quan Ventures**, **JAFCO Asia**, and Israel Seed Partners, Cyota's initial investor

**About iVC, Toshiba Corporation**

iValue Creation Company was established in April 2000 as an in-house company of Toshiba Corporation to spearhead Toshiba's new Internet, e-commerce and mobile Internet strategy. The new company's strategy includes investing in other companies developing new technologies for Internet and mobile Internet applications in order to form strategic alliances with those companies.



**February 2001**

**Deutsche Bank eVentures and Marubeni corp. lead ComSense global financing round of \$10 million**

DB eVentures, Deutsche Bank AG's global strategic private equity investor focused on financial services, announced on February 6<sup>th</sup>, (on Israel's election day) an equity investment of \$5 million in **ComSense Technologies Ltd.**, the maker of the world's first reader-free Internet card. DB eVentures is joined by **Marubeni Corporation** and other major investors, bringing the total investment to nearly \$10 million.

The **ComSense** reader-free wireless technology enables credit cards and other plastic cards to communicate with Internet-based applications, scaling the last major obstacles for e-commerce. Equipped with technology known as **ComDot(TM)**, the new self-powered Internet cards ensure secure Internet transactions. The card provides convenience and user-friendliness as well as security, enabling online account access and closing trusted transactions at the click of the card's ComDot button. ComDot is the world's first self-powered bankcard technology. Unlike existing "smart cards," ComDot-powered cards do not require any card reader, because they use sound to communicate. This gives these cards immediate interoperability with home computers, 98% of which have sound cards, as well as telephones and mobile phones. Since no card reader or special set-up is required, ComDot is truly flexible working with a PC or telephone at home, at work and on the road.

**ITX selects Versaware for ePublishing strategic alliance; Two-million dollar investment launches partnership**

Both companies view their strategic alliance as the start of a long and profitable relationship. ITX plans to leverage Versaware's technical expertise in eBook conversion, enhancement and distribution with a range of ePublishing ventures in Japan. Versaware will use the capital infusion to continue the development of ePublishing technologies and services.

**ITX CEO, Shintaro Hirata**, said, "We are looking forward to partnering with Versaware to develop ePublishing services in Japan. We selected Versaware because their unique one-stop shop delivers the most efficient and advanced ePublishing technology solutions."

Versaware CEO, Harry Fox, said, "This type of global expansion is a natural outgrowth of the worldwide need for digitization and electronic distribution services. We are honored to help position ITX to take a leading role in expanding ePublishing in Japan."

**TSK Israel of Herzlia lands \$10 million project for the development and production of innovative mask inspection system**

TSK Israel, the Japanese TSK concern's Israeli R&D center, has received an order for a \$10 million project from the Japanese parent company. Since the Israeli center's establishment in 1997, the Japanese concern has invested \$45 million in the Israeli firm.



In the framework of the project, TSK Israel will develop and manufacture mask measurement and control systems used in the chip processing process. This Mask Inspection system is the first of its kind and is designated for the next generations of semiconductor chip production lines.

TSK Japan is among the few Japanese concerns to invest in Israel. TSK Israel has recently progressed from the status of an R&D center to TSK Japan's world software and systems development center.

TSK is an international concern headquartered in Japan, engaging in the development, manufacture and marketing of control and measurement systems for the hi-tech industry. TSK is a world leader in semiconductors. Its customers include international giants such as IBM, Texas Instruments, Infineon and Toshiba, as well as leading car manufacturers such as Mazda, Toyota and Hyundai.

TSK Israel is the Japanese concern's only R&D center. All other branches engage in marketing and service. TSK Israel develops the parent company's flagship product – innovative inspection systems for the semiconductor field. The Israeli development center employs a staff of 70.

### **Fujitsu bundles one million units of INTACTA.CODE**

**Intacta Technologies, Inc.** announced that Fujitsu, Ltd. of Japan is currently shipping a total of 1,000,000 personal computers with INTACTA.CODE(TM) reader software preinstalled.

**INTACTA.CODE** allows users to securely encode any computer file and distribute it electronically or on printed media. The code simultaneously compresses and encodes data. Compression is nearly 5 to 1, depending on the data type, and encoding 256-factorial, with literally billions of custom variations possible.

Intacta Technologies licenses INTACTA.CODE in the form of enterprise and developer toolkits as a means of enabling existing technology to incorporate strong encoding, error correction and compression to virtually any file, over any transport medium.

Using enterprise software development tools from Intacta, Fujitsu was able to quickly build and distribute a customized version of INTACTA.CODE for use on PCs. The software was built to support the use of INTACTA.CODE files printed in Japanese newspapers, where multimedia files are encoded daily on newsprint, and with Fujitsu's own Internet ASP site where consumers and businesses can have INTACTA.CODE files created for distribution.

### **Phone-Or announces completion of \$25 million third financing round, at \$103 million value after money**

Israeli start-up Phone-Or announced the completion of a \$25 million round, at a company value of \$103 million, after money. This is the third financing round held by the company. The previous round was completed in the course of 1999, at a company value of \$22 million.

Phone-Or provides creative audio solutions using optical technologies. The company developed background noise suppression (BNS) technology for applications in the car industry, cellular communications, the PC market and for especially harsh environment communications, such as car racing, aviation and military communications systems.



The company was founded by Alex Paritsky. In 1995, the company left the Ashkelon technology incubator after receiving seed money from Kenwood of Japan and Inventech Industrial Ventures of Israel. A considerable number of international investor funds, including the Star fund, **JAFCO Japan and Mitsubishi**, later joined as shareholders.

Last year, the company signed a cooperation agreement with Motorola, under which Phone-Or will supply products to be integrated in Motorola's communications systems for the car industry. The company expects to start receiving revenues stemming from the agreement in the second half of the year and forecasts that sales will reach \$100-150 million by 2003. **The company also has marketing agreements with Mitsubishi and Kenwood in Japan.**



## March 2001

### **Top Image Systems extends exclusive distribution agreement with Japanese partner Toyo Ink/EDMS; TiS holds 50% market share in Japan**

Top Image Systems, Ltd. a leading innovator in digital information recognition and data capture software solutions, announced that the company has extended its distribution agreement with its Japanese partner, the EDMS Division of **Toyo Ink Mfg. Co. Ltd.** The new agreement, which is effective with EDMS' fiscal year beginning April 1, 2001, guarantees TiS approximately a 50% increase over revenues in the same period in fiscal 2000.

A recent study of the Japanese forms processing market by Nomura Research Institute shows that TiS holds approximately a 50% share of the Japanese market for software solutions.

Mr. Takemichi Watanabe, Division Managing Director of EDMS, stated: "Top Image Systems provides the best automated data capture solution in the Japanese market today, with top level support. Together with EDMS' expertise in imaging and document management, we provide our customers with cost-effective long-term solutions." Mr. Watanabe added, "We intend to strengthen our leadership in the Japanese market by introducing new products and targeting new markets."

"We have worked with EDMS for many years and we have seen revenues growing steadily from year to year. Japan is now TiS' largest revenue generating market," stated Izhak Nakar, Chief Executive Officer of Top Image Systems. "The Japanese customer is well-known for demanding the highest quality and it is a tribute to EDMS and to the TiS product line that we are able to reach this high level of success in the Japanese market," Mr. Nakar added.

#### **About EDMS**

### **Sanyo chooses Shellcase as packager for cellular camera**

Sanyo, which announced last month the development of the first CCD camera module for mobile and cellular phones, has chosen the Jerusalem-based Shellcase as its packager in a deal that sources estimate will bring the Israeli company some \$30 million in revenues over the next few years.

Shellcase, which announced the deal, was chosen by Sanyo for their Chip Size Package (CSP) technology in which 150mm diameter wafers are sandwiched between two glass plates for insulation and protection and wires are rerouted on the glass attached to the backside of the wafer. Sanyo adapted this technology because its camera does not require microlenses.

The Charged Couple Device (CCD) camera has an electronic memory that can be charged by light.





### **Interwise enters E-Learning deal with Japan's NTT**

InterWise, a maker of e-learning software, has entered into an agreement with NTT Communications, a subsidiary of Japan's Nippon Telegraph and Telephone to allow NTT to enter the e-learning market, using Interwise's software to provide corporate training, information sharing and remote education services.

InterWise produces solutions for Internet e-learning, providing companies with complete educational programs. The corporate market for e-learning products is growing, offering such benefits as reduced travel expenses, greater scheduling flexibility and lower facilities costs.

In addition to networking classrooms, Interwise integrates training modules and live applications to round out the interactive experience.

Founded in 1994 in Tel Aviv, the company established a presence in North America last summer. Clients include Applied Materials, Bank Leumi, Pelephone, PeopleSoft, MySAP, NYUonline and Tefen Group.

In addition to Israel and the U.S., Interwise's international branch has offices in Singapore and Johannesburg, and clients spanning Europe and Asia.



April 2001

**Vertex 2 fund tops \$200 million**

The Israeli venture capital fund Vertex has completed a round of financing that grossed \$150 million as part of its Vertex 2 Fund, which now stands at around \$200 million.

The fund concentrates on the Asian market and its investors include the **Japanese communications firm NTT (the largest telecoms company in the world), Casio electronics and watch company, and Nikko Capital bank.**

This is the first time **NTT** invests in an Israeli VC Fund, sources close to us, reveal that the total investment of **NTT** in this fund raising reached \$5.0 million. Other investors include Singapore Technologies - which invested \$40 million; the Government Investment Corporation (GIC) of Singapore ; the Info-Communications Development Authority (IDA), also of Singapore; **JAFCO, the largest Japanese venture capital fund**; and Creative, the manufacturer of Sound Blaster. The Israeli partners in the new Vertex fund include Israel Discount Bank and Bank Hapoalim, along with 15 pension and provident funds. The Israeli institutions invested \$30 million in the new venture.

With the completion of this round of financing, Vertex now manages around \$250 million directly, and another \$300 million with commitments to part investors.

**Jafco targets Israel, Asia, with new \$178m. fund**

Japan-based international venture capital fund Jafco closed a **new Asia Technology Fund (JATF)** in January of this year, with Israel as a key target for investment, **Jafco general manger for Israel Byron Askin told The Jerusalem Post exclusively.**

According to Askin, "The JATF is capitalized at \$178 million. The fund will focus solely on the five Asia-Pacific markets where we have had the most success investing in hi-tech companies: Israel, Korea, Taiwan, Australia and Singapore.

"After closing the JATF," added Askin, who was here attending the Israel Venture Association (IVA) conference in Tel Aviv, "Jafco now has \$830m. under management." Jafco has been investing in Israel from Askin's office in Singapore for more than two years.

"We have already had one exit from our investments here -- Morecom -- and in spite of the current market conditions, we expect several more exits this year," Askin revealed. Other Jafco portfolio companies in Israel include HeliOss Communications, Allot Communications, ImageID, Creo Ltd., CT Motion and Cyota.

"We have made 12 direct investments here, in addition to investing in the Vertex Israel Fund," Askin reports. "We have already begun investing in Israel from the JATF."



### **Gilat Communications Partners with Interlect, Japan Ltd.**

Gilat Communications, Ltd. announced that it reached an agreement with **Interlect, Japan Limited**. Under the terms of the agreement, Gilat Communications will contribute its expertise in the e-Learning and virtual classroom arena, while Interlect will leverage its technology and networking experience, to localize and market a joint solution in Japan.

Gilat recently signed important distributor agreements in the Asia Pacific region that position Gilat Communications as one of the leaders in e-Learning.

The Japanese e-Learning market is expanding rapidly, with the e-Learning course content market more than doubling from US \$26 million in 1999, to US \$60 million in 2000. By 2010, the total market for e-Learning content and systems is expected to reach US \$10 billion, **according to Nikkei System Provider magazine**.

### **E-sim to provide simulation solutions for Seiko Instruments Austin, Inc.'s portable data devices**

E-SIM announced on April 20<sup>th</sup> that it will develop interactive **LiveProducts simulations** and manuals for 16 products from **Seiko Instruments Austin, Inc.**'s line of portable data devices and systems. The six-figure agreement provides Seiko an innovative way to market its products.

The agreement also presents e-SIM a significant branding opportunity, as some of the Seiko products will carry the "Powered by LiveManuals" icon, totaling more than 250,000 product packages.

Under the terms of the agreement, e-SIM will develop interactive, functional simulations for 16 of Seiko's products including the ED5640 Interactive Dictionary and Thesaurus, the ET6640 Spanish-English Dictionary, the VR5000 Talking Dictionary, in addition to other products.



**May 2001**

**Japanese MSP Circle Corporation selects Omegon's NetAlly Solution as measurement, verification and troubleshooting platform of choice**

Omegon, Inc announced that Japanese MSP (management service provider) Circle Corporation chose Omegon's NetAlly(R) solution to enhance Circle's existing network testing product offering.

Omegon and Circle will create a Japanese version of NetAlly, and Circle will integrate NetAlly with their "Intelligent Service Facility" (ISF), a solution for automated maintenance analyses procedures.

Circle will also act as Omegon's Value Added Reseller (VAR) in Japan, directly selling Omegon network testing solutions to Japanese customers.

**Circle Corporation** was established in 1980 as Japan's first third-party engineering service company, initially specializing in maintenance and MES services for IBM mainframe users. Today, Circle provides services for over 500 companies; mostly large conglomerates such as Toyota, Honda, Sony and KDDI.

**Omegon Ltd.**, a leading provider of measurement and verification software solutions, offers a breakthrough network testing approach to ensure unprecedented levels of network, server and application availability and reliability. Omegon is privately held with worldwide headquarters based in Yokneam, Israel. The United States headquarters, Omegon, Inc., is located in New Jersey.

**Cimatron expands international distribution network in Asia; Leading CAD/CAM vendor establishes new distributor in Japan**

Cimatron Ltd. a leading developer of CAD/CAM solutions for the tooling industry, announced the establishment of its new distributor, Saeilo, Japan, Inc., in Chiba City, Japan. Cimatron's new Business Manager and Saeilo President, Mr. Hideyuki Oshima, brings many years of managerial expertise to the Japanese market.

The distribution agreement with Saeilo will strengthen name recognition and increase Cimatron's extensive install base of over 1,000 customers in a wide range of industries, including automotive, electronics, consumer goods and other manufacturing tools.

**SpeedNet orders gear from Itochu Techno-Science unit**

CTCSP Corp., an Itochu Techno-Science Corp. subsidiary that sells wireless equipment, has received an order for wireless Internet connection equipment from high-speed Internet service provider SpeedNet Corp.

SpeedNet has placed an order with CTCSP to buy equipment made by Israeli wireless equipment producer BreezeCOM Ltd. The order covers both units to be attached to telephone poles and subscriber units for installation in residences and office buildings. Using the SpeedNet order as a springboard, CTCSP is targeting 3 billion yen in sales of wireless equipment in fiscal 2001.



## **Marubeni to test ComSense Reader-Free Card for E-commerce**

Marubeni Corp. will begin field trials this month of an e-commerce system that uses a reader-free card to authenticate user identities.

The card, developed by the Israeli company ComSense Technologies Ltd., contains a user identification code that is transmitted by holding the card up to the computer's microphone and pressing a button. The card generates an encrypted, high-frequency tone that the computer converts into a digital signal and sends to the e-commerce site. Other participants in the field trials will include credit companies DC Card Co. and Nippon Shinpan Co., Daiwa Securities Group Inc., and Sofmap Co., a volume retailer of digital equipment. These companies will distribute ComSense cards to their customers and use them as a way to promote e-commerce on their respective sites.

## **Israel's InterWise to distribute eLearning Software in Japan**

InterWise of Israel set up a wholly-owned unit in Japan on May 1 to sell its proprietary eLearning software for live, interactive chatting use, the firm announced recently.

The subsidiary, which was capitalized at 10 million yen, said in its business plan that it will provide Japanese customers with the "InterWise Millennium" software and related services through license agreement with local agents and application service providers.

InterWise has already signed a distributor contract with Nissho Electronics Corp., NTT Communications Corp. and 13 other companies. Nissho plans to sell the software for users who want to educate employees.

The firm aims to post a revenue of 200 million yen in the first year of operations, while signing a selling agent contract with 50 to 100 companies during 2001. InterWise also said it will expand its business to North America, the United Kingdom, France and China and that it anticipates sales in Japan to account for 10 percent of the total.

## **ComSense announces pilots of reader-free internet cards in Japan**

ComSense announced plans in conjunction with Marubeni Corporation, who serves as its distribution partner in Japan, to commence Japan's first trials of the ComSense ComDot(TM) card technology.

ComDot-powered cards are the world's first reader-free Internet cards. Nippon Shinpan Company, one of Japan's largest credit card issuers, and Sofmap, one of Japan's largest consumer electronics and online retailers, will be among the leading Japanese companies participating in these trials.

In the trials, Marubeni and Marubeni Information Systems will issue cards with ComDot technology and operate an e-commerce system that uses ComDot technology to identify and authenticate customers. What makes ComDot unique is that it is reader-free, meaning it works without requiring a card reader attached to the consumer's PC.



## **Sanctum forges strategic partnership with Hitachi**

Herzliya-based Sanctum Inc., an Internet application control and security software company, announced that it has signed an agreement with the Hitachi Information Network (HINET).

HINET will extend distribution of Sanctum's AppShield 3.0 to Japan, in a deal expected to be worth some \$3 million over the next two years.

Founded in 1997, Sanctum maintains international headquarters in Santa Clara, California. The privately held company has received venture capital investment from Sequoia Capital, Walden, Sprout Group and Intel Corporation.



**June 2001**

**Hitachi makes first investment in Israel**

Hitachi Ltd., the largest industrial company in Japan and a world leader in computers and electronics, has made its first investment in Israeli hi-tech, through Vertex Management Israel, the venture capital firm announced on June 20<sup>th</sup>.

The amount of the investment was not disclosed, but The Jerusalem Post has learned that it was in the seven figures. Hitachi will also co-invest with Vertex directly in Israeli companies, as well as seek other business opportunities, such as strategic partnerships.

"Vertex has 12 Japanese investors, more than any other fund in Israel," Vertex partner David Heller said. "We are encouraged by the fact that despite the current political situation, companies that are interested in our portfolio companies' technologies, like Hitachi and NTT, are committed to investing in us and are ready to visit us in Israel."

**GlobaLoop raising \$5-8 million from strategic investors**

Israeli start-up GlobaLoop is completing a \$5-8 million financing round. The proceeds were raised from Far Eastern strategic investors, and the estimated company value for the round is over \$30 million, before money. The round was held because of the company's high operating costs, arising from its rapid growth. The company expects to have \$6-8 million in sales by the end of this year. GlobaLoop also has cooperation agreements with NTT of Japan, Grundig of Germany, Ikusi of Spain, and Telstra of Australia. The company plans to sign three more agreements in the coming weeks.

GlobaLoop has raised \$8 million to date in two financing rounds. Company shareholders include founder and chairman Yigal Jacoby, Benny Hanigal, Zohar Gilon, Dan Hotels (10%), Technoplus Ventures, Alon Technologies Venture Fund, Japan Associated Finance Co. (JAFCO) and private investors

**Sanctum, Inc. builds momentum in Japan with TechMatrix Partnership eBusiness total solution Provider brings AppScan and AppShield to Japanese market.**

Sanctum, Inc., the established leader in Web application control and security software, announced a partnership with TechMatrix (formerly Nichimen Data Systems Corporation). TechMatrix provides product distribution, customer support, system integration and application development from network infrastructure through the application layer. Under the terms of the agreement, TechMatrix will distribute both Sanctum products, AppScan and AppShield, throughout Japan, providing a



broad range of companies with the tools to effectively protect the most vulnerable layer of their eBusiness properties, the Web application.

TechMatrix will distribute AppScan and AppShield software and support to its Japanese customer base, including worldwide leaders in the telecom, healthcare and financial services industries. TechMatrix will provide localized product development and engineering support in partnership with Sanctum's development team in Herzelia, Israel.

### **WebOnline chooses iWeb's iNotes messaging technology to enhance online services.**

iWeb first introduced to Dentsu by Harel-Hertz (HIH).

iWeb Technologies, a global provider of the next generation of messaging technologies, today announced the successful launch of their flagship product iNotes to the Japanese ISP market, through their joint venture with Dentsu, Dentsu.com, Softbank and CCI.

iWeb Technologies Japan (IWTJ) introduced iNotes to subscribers of JustNet, an Internet Service Provider (ISP), operated by WebOnline. iNotes is a clientless messaging platform that enables the delivery of information directly to user's desktops in real-time, independent of the website or application currently being viewed. iNotes provides organizations with an immediate communication channel to their users anytime they are online.

### **Shellcase Closes \$20 Million Round of Funding**

Shellcase LTD, a leading developer and provider of Wafer Level Chip Size Packaging (WLSCP), announced that it raised \$20 million in a private placement.

Investors in the round include Motorola Ventures, GE Pension Fund, Schott Glaswerke GmH, Palladin Asset Management LLC, SG Cowen Ventures, ZLP Master Technology Fund as well as current Shellcase investors including Clal Electronics Industries LTD, Israel Infinity Venture Capital Fund, Ampal-Israel Corp. of New York, and Jafco Co. Ltd. of Japan.

### **Expand Networks announces strategic partnership with Nippon Telegraph and Telephone Subsidiary NTT-ME**

Leading Japanese System Integrator to Provide Expand's Enterprise Caching Technology to Extensive Japanese Customer Base --

Expand Networks, a leader in optimizing network performance, announced that it has reached yet another milestone in achieving global distribution by signing an agreement with telecommunications giant Nippon Telegraph and Telephone (NTT)





subsidiary NTT-ME, one of Japan's leading systems integrators. Under the terms of the agreement, NTT-ME will distribute Expand Networks' suite of products that enable enterprise wide network performance boosts of up to 400 percent to its extensive Japanese customer base.

### **Card Guard wins \$48m contract in Indonesia together with TOMEN**

Rehovot-based Card Guard Scientific Survival Ltd. said that it has won a contract worth more than \$48 million to provide a national telemedicine disease management call center and technology products in Indonesia.

Under the terms of the three-year contract, Card Guard, which is traded on the Swiss New Market at a market capitalization of 1.08 billion Swiss francs (\$600m.), will already begin delivery of products this month.

Card Guard also announced a strategic partnership with Japan's Tomen Corp./Tomen Europe Ltd., which will distribute Card Guard's telemedicine products. The two companies will also jointly invest in and finance European and Asian monitoring call centers. Tomen is ranked seventh among Japan's trading companies, and is listed on the Tokyo, Osaka and Nagoya stock exchanges at a \$84b market capitalization.

Card Guard ended 2000 with revenues of \$57.6m., compared to \$11.82m. in 1999. Card Guard's net income also improved last year to \$10.03m compared to \$1.54m in 1999.

### **RAD Data Communications launches Japanese Web Site**

RAD Data Communications, a world leader in data communications and telecommunications access solutions for carriers, service providers and corporate networks, has inaugurated its new Japanese-language Web site.

"RAD has a large and growing Japanese sales base," noted Akira Maeya, General Manager of RAD Japan. Among its major Japanese customers are Japan Telecom, KDDI, NTT, NTT Data, HP Japan and Global Crossing Japan.

RAD Data Communications installed base exceeds 4,000,000 units and includes more than 150 carriers and operators in 109 countries. Worldwide sales reached \$200 million in 2000. RAD is a member of the \$600 million RAD Group of companies, a world leader in networking and internetworking product solutions.

### **Sanyo to incorporate Shellcase technology into manufacturing site**

Shellcase, which develops Wafer Level Chip Size Packaging (WLCSP), announced that Sanyo Electric Co. has licensed its ShellOP, WLCSP technology. Sanyo will incorporate Shellcase's ShellOP production technology into one of its manufacturing sites in Japan, and production is planned to begin in the second quarter of 2002. Sanyo first entered into cooperation with Shellcase in the third quarter of 2000.



Production began in May 2001 and it is projected that by the fourth quarter of 2001, over 500,000 camera modules per month will be manufactured.



**July 2001**

**Saiki-Tech announces international advisory board**

**Saiki-Tech Communication Japan Co. Ltd.**, the largest foreign-owned telecommunications carrier in Japan, announced the formation of its international advisory board and the selection of Tsvi Gal, President of ATT.COM, as its first member. The board will provide Saiki-Tech with insight and counsel across a broad array of business areas, with particular emphasis on Internet-related products and services, where the company sees significant growth opportunities.

In March, Gal received the Einstein Award, one of the State of Israel's highest honors for outstanding leaders in science and technology, for building the first electronic banking solution over the Internet in his previous position at Wells Fargo.

**Web security specialist Sanctum raises \$30m.**

Sanctum, Ltd., a developer of Web application control and security software, announced that it has secured \$30 million in a fourth round of financing for the private company, whose name prior to the middle of 2000 was Perfecto Technologies.

With the completion of this round of capital raising, Sanctum has catapulted to the number four position among Israel-related companies raising the largest rounds of financing this year, behind Actelis Networks (\$45m.), Phonetic Systems (\$37.5m.) and Mobilian (\$35m.).

According to a statement issued by Sanctum, Inc., the company's US subsidiary in Santa Clara, California, this brings Sanctum's total funding to more than \$54 million since its founding in 1997. The company's US office opened in 1998.

Most of Sanctum's funding this round came from US-based investors, notably Dell Ventures, Fidelity Ventures, First Union eVentures Group, EDS and Gemini Israel Funds, through the Herzliya venture capital firm's Silicon Valley office. **Japan's Hitachi also invested in the company in this round (Hitachi Information Network is a Sanctum distributor in Japan).** The company would not disclose the breakdown of the amounts invested.

**Mobilian Corporation extends its Series C funding round to \$43M,  
with additional investment from Morgan Stanley, Amerindo  
Investment Advisors, and Mitsui Comtek Corp.**

Mobilian Corporation, a wireless systems company that designs and develops integrated circuits and software, announced the addition of three new investors in its Series C financing round. Morgan Stanley Technology Ventures, Amerindo Investment Advisors, and **Mitsui Comtek Corp.**, a high-tech joint venture subsidiary of **Mitsui & Co. (USA), Inc.** and its Japanese parent company **Mitsui & Co., Ltd.**,



join previous investors in the Series C equity financing round. Mobilian has raised more than \$68 million since its formation in February of 1999.

New investors **JAFCO America Ventures and Dell Ventures** co-led the round previously announced in May, with significant new investments from Vitesse Ventures and Silicon Valley Bank Ventures. Additional equity was raised from previous investors including Raza Venture Management, Bessemer Venture Partners, SBV Ventures, Euro-America Fund, and Siparex Group. This round of funding will help support Mobilian's rapid growth and accelerate the development and deployment of its multi-standard wireless networking products.

### **Cimatron reports 80% growth in Japan**

**Cimatron Ltd.**, a leading developer of CAD/CAM solutions for tooling industry, announced an increase in sales in Japan during the second quarter of this year. Despite a slowdown in the Japan economy this year, Cimatron's results showed a **significant growth of 80% in Q2 over Q1**.

Cimatron attributes this boost in sales to the company's new Japanese distributor, **Saeilo, Japan, Inc.**, located in Chiba City, Japan. Since April 2001, Saeilo has been an excellent partner, expanding the number of Cimatron seats and increasing revenues. Cimatron's extensive install base of over 1,000 customers in Japan represents a wide range of industries, including automotive, electronics, consumer goods and other manufacturing tools.

### **Mitsui, Japan's trading company, and Sphera, the leader in hosting automation software, form strategic alliance**

Mitsui & Co., LTD, the trading company, and Sphera Corporation, the leading provider of hosting automation software announced that they have entered into a strategic partnership agreement. Under the terms of the agreement, Mitsui is now the exclusive distributor in Japan of Sphera's popular Web hosting automation software, HostingDirector(TM).

Following successful pilots with leading companies in Japan, the partnership is a pivotal strategic move for Sphera, solidifying its position as the market leader. Mitsui has identified the information industry as an area in which it wants to focus its future efforts. Mitsui's agreement with Sphera, along with its ownership stakes in Japan's largest Internet Data Center as well as DoCoMo AOL, Inc., underscores this commitment.

"HostingDirector is the only product to allow iVC to efficiently and effectively provide managed services and applications to our internal and external customers," said Dr. **Katsuhiko Yamashita**, vice president & chief strategy officer of **iValue Creation Company, Toshiba Corporation**.



## August

### Exports to Japan up 20% in January-July

Israel's exports to Japan, excluding diamonds, rose 20% in January-July 2001. Ministry of Industry and Trade data show that during this period exports totaled \$321.6 million, compared with \$268.9 million in the corresponding period last year. The 20% rise is one of the highest among Israel's major trading partners. Exports to Japan include mainly knowhow intensive products, i.e. software, various instruments, chemicals, and special metal products.

Israel New Trade Minister to Japan Noah Shani said that despite the security situation in Israel, Japanese companies are investing in Israeli companies and are involved in joint projects carried out by Israeli and Japanese companies in third countries.

### Drugmakers tap overseas firms' genome databases

#### Kyowa Hakko to use Compugen database.

Several leading pharmaceutical companies, including Kyowa Hakko Kogyo Co. and Yamanouchi Pharmaceutical Co. are moving to tap overseas firms' genome databases, in a bid to develop lucrative genome-based drugs.

Kyowa Hakko will use a database developed by **Compugen Ltd., an Israeli biotech firm**. Based on genome information made available by public research institutions, Compugen has analyzed what functions genes perform in humans and mice, and has classified them accordingly.

**Yamanouchi and Celera Genomics Corp.**, the Maryland company which was one of the first firms to map out the human genome, have reached a five-year deal in which Yamanouchi will gain full access to Celera's human and rodent genome information.

Yamanouchi will be the second Japanese drugmaker, after Takeda Chemical Industries Ltd. to forge a database deal with Celera.

Sankyo Co. Sumitomo Pharmaceuticals Co. and Eisai Co. have gained access to similar databases developed by Incyte Genomics Inc., a California bioinformatics firm. Sankyo and Sumitomo have also reached an agreement with Gene Logic Inc., a Maryland biotech company.



### **CMK Corp. selects Orbotech AOI Systems; leading Japanese PCB maker awards order totaling approximately \$1.6M**

ORBOTECH LTD. announced the receipt of an order from CMK CORPORATION, the largest printed circuit board (PCB) manufacturer in Japan, totaling approximately \$1.6 million in value, for multiple SK-75(TM) automated optical inspection (AOI) systems and VRS-4(TM) verification and repair stations to be utilized in four of the Company's production facilities.

Mr. Yorinaga Murata, Chairman of Orbotech Japan Ltd., said, "We at Orbotech are honored to be selected as CMK's AOI supplier. We are committed to providing CMK with the most excellent products and support services which will contribute to their continued success and prosperity."

Mr. Nobuhiro Higashiiriki, President of Orbotech Japan Ltd., added, "Our SK-75 model is designed to provide advanced inspection for process sampling and volume production. We are very pleased that this system is able to meet CMK's inspection requirements and that our valued customer has decided it is the best solution in the industry to help them achieve their specific production goals. This order is an important and strategic win for Orbotech in the AOI market in Japan."

### **Quark Biotech Inc. receives equity investment from Taisho Pharmaceutical Co. Ltd.**

**Quark Biotech Inc.** (QBI), announced that **Taisho Pharmaceutical Co. Ltd.** of Japan has made an equity investment in the Company. The investment was made as part of QBI's Series F financing. Financial terms were not disclosed.

QBI and Taisho are currently collaborating on scientific research projects to discover the **genes that cause kidney disease** and to develop a therapeutic treatment for the cause of the disease, rather than just affecting the symptoms. QBI and Taisho have already completed initial feasibility studies and achieved milestones.

### **Tioga Technologies announces broad interoperability for the Japanese ADSL market**

Tioga Technologies has developed a complete 32 channel line card reference design (hardware and software) **for Annex C versions of the ITU ADSL standard** and has demonstrated its interoperability with all major customer premises equipment vendors in the Japanese marketplace - believed to be an industry first.

Supported by these positive factors, Gartner Dataquest projects that the number of households in Japan using ADSL as a primary Internet access technology will increase by 197.3% annually to reach 2.3 million by the end of 2005.

Tioga Technologies products are represented and distributed in the Japanese marketplace by Macnica Inc.,



### **Kansai Electric to use power lines for internet access**

Kansai Electric Power Co. will use its power lines to offer high-speed Internet access starting next fiscal year, The Nihon Keizai Shimbun learned.

The service will offer a speed of up to 24Mbps, roughly three times as fast as the now-popular ADSL (asymmetric digital subscriber line) connections, for a similar price of about 3,000 yen to 4,000 yen a month.

Kansai Electric will employ technology developed by **Israeli start-up Itran Communications** Ltd. to connect existing power lines to fiber-optic networks, enabling the company to provide homes with fast Internet access at low cost.

The power company will launch a joint venture with **Itran** to develop the necessary networking equipment.

### **eMation adds Japanese language support to DRM embedded application server platform**

eMation Inc, a pioneer of **Device Relationship Management (DRM)** enterprise software solutions, announced the release of Version 2.11 of the eMation DRM(TM) Connector embedded application server and its associated graphical development studio, eMation DRM Builder.

This release adds **full Japanese language support** to both products, enabling them to better serve equipment manufacturers that sell into the Japanese domestic market. eMation DRM products allow machine and device manufacturers Internet-enable their intelligent devices to facilitate new remote monitoring, e-service, and e-commerce capabilities.

One such customer is **Shinkawa Electric Co., Ltd. (SEC)**, a Japanese manufacturer of world class vibration monitoring and machine protection systems. SEC uses eMation DRM Connector as the core software technology for its low-cost embedded information server, named UnityBoy.

### **ART's voice recognition engine included in Matsushita Communication (Panasonic) cellular phones**

**ART, Advanced Recognition Technologies Inc.**, a global leader of Voice and Handwriting Recognition technology, announced the signing of an agreement with electronics giant, **Matsushita Communication Industrial Co., Ltd.**

According to the agreement, ART's software will be integrated into Matsushita's new TDMA cellular phones to be marketed under the Panasonic brand name in the US. The choice of ART as Matsushita's voice recognition software for their reentry into the US mobile phone market further enhances ART's position as the field's leading voice recognition technology provider.

Ideally suited for cellular phones, **smARTspeak's** award-winning, ultra-compact embedded software was among the first to be successfully deployed world wide. The



latest version will be deployed in Panasonic's TDMA cellular phones, expected to be available this fall.

mARTspeak NG™ is a trademark, and smARTspeak® a registered trademark of ART, Advanced Recognition Technologies Inc





**September 2001**

**Magal to supply security systems to Ministry of Defense**

**Magal Security Systems, Ltd.** said on September 20<sup>th</sup> that it has been hired by the Israeli Ministry of Defense (MOD) to protect its headquarters.

The first stage of this project will represent \$0.5 million in revenues, with total revenues for the project amounting to \$1.5m.

Magal's products currently are used in more than 70 countries to protect national borders and sensitive facilities from terrorism, theft and other threats.

**Magal has working relations with HHH to increase it's presence and sales in Japan.**

**Power Paper secured \$10 million in secondary financing round**

**POWER PAPER**, a startup that has developed environmentally-friendly ultra-thin batteries, secured \$10 million in a secondary financing round.

The company recruited new investors, among them **YASUDA ENTERPRISE DEVELOPMENT COMPANY** of Japan, which is investing in Israel for the first time. Other backers includes the EDB fund from Singapore, Israeli holdings company Ganden and Tel Aviv-traded COMPANY TADBIK.

**QBI receives equity investment from Mitsubishi-Tokyo**

Israeli drug discovery company Quark Biotech, Inc. (QBI) announced that Mitsubishi-Tokyo Pharmaceuticals of Japan had made an equity investment in the company. The investment was made as part of QBI's Series F financing. Financial terms were not disclosed.

Mitsubishi-Tokyo Pharmaceuticals is the wholly-owned subsidiary of Mitsubishi Chemical Corporation, one of the largest chemical companies in Japan.

QBI and Mitsubishi-Tokyo are currently collaborating to develop drug targets identified in earlier gene discovery programs in neurodegeneration. The collaboration has been recently broadened to discover the genes that are related to other disease areas. The companies aim to develop therapeutic treatments that correct the causes of these diseases.



## **Kansai Electric Power forms joint venture with Israeli firm**

Kansai Electric Power Co. announced that it has set up a joint venture with Israel's Itran Communications Ltd. to develop Internet connection technology that makes use of electric power supply lines.

Kansai Electric holds a 51% stake in the new company, Linecom Co., located in Osaka. Itran Communications, a developer of Internet technology, has a 43% interest, and Matsushita Electric Works Ltd., which has expertise in manufacturing data communication equipment, holds the remaining 6%.

Linecom will develop technology to commercialize Internet access service via power supply lines. It will also produce related equipment, such as modems.

In fiscal 2002, Kansai Electric plans to begin offering high-speed power-line Internet connection service through its supply lines, using equipment developed by Linecom.

The company plans to set monthly service charges at no more than 3,000 yen (119.74 yen = US\$1) in order to compete with asymmetric digital subscriber line services. In preparation for the launch, on Aug. 29 Kansai Electric established a joint venture, named Linecom Company Inc., with ITRAN Communications Ltd., an Israeli vendor of power-line communications equipment.

## **Cimatron reports 80% growth in Japan: 2001**

**Cimatron Ltd.**, a leading developer of CAD/CAM solutions for tooling industry, announced an increase in sales in Japan during the second quarter of this year. Despite a slowdown in the Japan economy this year, Cimatron's results showed a **significant growth of 80% in Q2 over Q1**.

Cimatron attributes this boost in sales to the company's new Japanese distributor, **Saeilo, Japan, Inc.**, located in Chiba City, Japan. Since April 2001, Saeilo has been an excellent partner, expanding the number of Cimatron seats and increasing revenues. Cimatron's extensive install base of over 1,000 customers in Japan represents a wide range of industries, including automotive, electronics, consumer goods and other manufacturing tools.

Saeilo has been a recognized Cimatron distributor in the Pacific Rim, including Singapore, for close to a decade, and has operated as a sub-dealer in Japan for the last 13 years. Saeilo is also a leading international machine tool distributor in the region.

Lately Cimatron declared new sales agreements worth \$1.5 Million to **OHTA INDUSTRIAL TECHNOLOGICAL INSTITUTE** and with **TOYOTA MOTORS**



### **Cimatron establishes subsidiary in Japan**

**Cimatron Ltd.**, a leading developer of CAD/CAM solutions for tooling industry, announced the opening of its subsidiary, **Cimatron Japan, K.K.**, in Tokyo, Japan.

Cimatron has appointed **Mr. Haruyuki Wada**, 53, as the new President of Cimatron Japan. Mr. Wada brings both marketing and management experience to Cimatron, having served as General Manager, Automotive Operations for Rockwell International Japan and Director, Meritor Automotive Japan, a spin-off of Rockwell International.

Cimatron has been operating in the Japanese market through its vast distributor network for the past 13 years. During this period, Cimatron established name recognition and an extensive install base of over 1,000 customers throughout the country in a wide range of industries, including automotive, electronics, consumer goods and other manufacturing tools.

### **Fujitsu FIP to adopt InterWise E-learning system**

Fujitsu FIP Corp. said it will introduce InterWise Millennium, a live e-learning system developed by InterWise Inc. of Israel, to train its system engineers.

Under the Internet-based education system, more than one user can access the same Web site from his or her personal computer and communicate with one another during class. Since July, Fujitsu FIP has introduced three courses on a trial basis, and has decided to adopt 17 more courses. It will be one of the largest in-house training systems adopted by one company using InterWise Millennium, according to Fujitsu FIP.

Fujitsu FIP plans to recommend employees for the initial learning phase to take live InterWise Millennium courses, and those who have mastered the initial phase will change to a self-study system using WBT courses. The company expects to increase the number of participants by 15 percent, and at the same time slash about 10 million yen in personnel education costs annually. (117.48 yen = US\$1)

In addition, the company plans to use the system for meetings and presentations made in and outside of the office to reduce travel expenses and meeting site costs. It aims to trim costs for meetings among employees by 25 percent to 30 percent, and costs for meetings with customers by about 10 percent.

### **ComSense announces conclusion of successful pilot in Japan – together with Marubeni and Hitachi Software.**

**Marubeni Corporation** and **ComSense Technologies Ltd.** have concluded a successful pilot of **ComSense ComDot™** authentication system. In the trials, the users operated the reader-free ComDot-authentication cards for identification and authentication.



Following the successful pilot, and prior to the mass deployment of the ComDot authentication solution, Marubeni will launch additional pilots with NICOS, one of Japan's largest credit card issuers, and Daiwa Securities Group, implementing the ComSense technology in financial, credit card and e-commerce applications.

**Marubeni** allied with **Hitachi Software Engineering Co., Ltd.**- Hitachi Software, system integrators that will promote ComDot solutions to the Japanese market.



**October 2001**

**Sphera's \$15 million financing round at lower company value than previous one**

Sphera Technologies has completed a \$15 million financing round. This was the company's third round, and was held at a lower company value than the previous one, when it raised \$13.5 million at a company value of \$43 million, after money.

Italy's TLcom Capital Partners led the current round, with a \$5 million investment. Sphera's existing investors, Gemini Israel Funds and Jerusalem Venture Partners each invested \$5 million. Existing investors that did not participate in the current round were Reuters Greenhouse Fund and **CSK Venture Capital**.

Gemini partner Adi Pundak-Mintz confirmed the report. He said Sphera will increase the current round soon, with an expected investment by Japan's commercial giant Mitsui & Co. and another foreign company.

Sphera, founded in 1999, develops software solutions for Internet hosting, that allow Internet providers to offer automated management and maintenance services to their customers. .

Among Sphera's customers are leading hosting providers around the world, including Dialtone in the US, POPTTEL in the UK, and **Toshiba in Japan**.

**Israeli company to launch telemedicine service In Japan**

Israeli medical equipment producer **Card Guard Scientific Survival Ltd.** is launching a remote medical support business in Japan that will allow medical practitioners to evaluate the EKGs (electrocardiograms) that patients take in their own homes.

Working through its Japanese subsidiary, **Card Guard K.K.** the company will sell portable EKG monitors and software needed for analysis to medical institutions. In addition, it will market a service to patients that will enable them to use the monitors to take EKGs at home. Afterward, patients can take the devices to a medical institution or have the data transmitted over phone lines to Card Guard.

Card Guard's Japanese subsidiary was established in September 2000. It is targeting 500 million yen in revenue in the year ending December 2003.

**Kyocera expands use of e-sim's rapidplus**

e-SIM the leader in advanced simulation technology for product design, development and code generation, announced that leading electronics manufacturer, Kyocera has expanded its relationship with e-SIM.

Kyocera has committed to using e-SIM's RapidPLUS with automatic code generation



capabilities to develop new wireless phones. Kyocera also announced that it has released its third product developed using RapidPLUS.

“We were very pleased with our previous experience with e-SIM to develop and launch new phones,” said Mr. Hiromasa Yamashita, Section Manager of Mobile Communications Equipment Division from Kyocera. “We were able to launch the products more quickly, and Rapid’s efficient code generation capabilities left ample memory space to add more advanced capabilities. This becomes increasingly important as consumers look for sophisticated features on their phones. We look forward to more successful product launches with the help of RapidPLUS.”

### **Toshiba buys Medcon cardiologic catheterization kits for \$630K**

Medcon Telemedicine Technology, is selling two cardiologic catheterization kits to the Toshiba Medical Systems group for around \$630,000.

Medcon was founded in 1993 by a group of technological and healthcare professionals. Among the co-founders are Drs. Kobi and Judith Richter, founders of Medinol and developers of the NIR© family of cardiovascular stents.

The company had assembled a talented and multidisciplinary R&D team with expertise in information systems, cardiac imaging, video processing and telecommunication. This has allowed Medcon to fully respond to the requirements of customers with quality systems and gain invaluable field experience. As a result, the company has a large and fast growing install base in leading interventional cardiac centers across North America, Europe, South America, and the Far East.

Toshiba reportedly bought the kits for two hospitals in Canada, in St. John and Edmonton. Medcon announced a "pan-European" partnership with Toshiba Medical Systems Europe in September 1999.

### **ITRAN enters Japanese joint venture.**

ITRAN Communications, an Israeli start-up specializing in developing solutions for communications over power lines, has signed an agreement for a joint venture with three Japanese companies. The identity of the companies was not disclosed, but ITRAN said that one was a provider of computerization solutions, another was a manufacturer of computer system accessories, and the third was a distributor of such products.

ITRAN will hold 32% of the venture and will receive \$5 million, of which \$3 million will be reported as revenue and \$2 million invested in the company at a \$54 million company value, before money. ITRAN anticipates that it will receive another \$10 million in revenue from the venture next year.

ITRAN has already signed an agreement for a joint venture with the **Kansai Electric Power Company**, the world’s eighth largest electricity producer, and **Matsushita**



**Electric Works**, a leading Japanese wiring and information device/system provider. Kansai will hold 51% of the venture, called Linecom, ITRAN will have 43%, and Matsushita 6%. ITRAN will supply the venture with its chips, designed for transmitting data over electricity networks at 24 Mbps. Matsushita will design and manufacture the systems, and Kansai will provide access to its customers. Revenue from this agreement is also estimated at \$5 million, \$2 million of which was transferred to ITRAN when the deal was signed.

In April 2001, **ITRAN signed an OEM agreement with Mitsubishi**. Under the agreement, ITRAN will receive \$3 million, plus royalties on components to be manufactured by Mitshubishi, based on ITRAN's chips. ITRAN also supplies chips to a joint venture of Microsoft, General Electric, and SMART in the smart home appliance field.

### **Mitsubishi Electric Telecom Europe select ART's speech recognizers**

ART, Advanced Recognition Technologies Inc., a global leader in natural Human User Interface technologies, has signed an agreement with Mitsubishi Electric Telecom Europe (METE), the sixth largest, and most prominent manufacturer of handsets worldwide. The global agreement calls for the integration of ART's smARTspeak and smARTspeak CS speech recognition solutions into the Eclipse and Sirius models of METE's Trium mobile phone family, expected to hit the market this month.

ART's smARTspeak software enable users to call a person from the address book of their phone by simply saying the person's name.

Viet Mailam, R&D VP-Director of Mitsubishi Electric Telecom Europe, said, "We are confident that the addition of ART's innovative and powerful speech recognizers will further improve our competitive edge. The strong combination of features, including digit and name dialing, and the fact that the smARTspeak features are so easy to use make them a welcome addition to every consumer contemplating which mobile phone to buy."



**November 2001**

### **Japan lifts business travel restrictions to Israel**

The Japanese Foreign Ministry (Gaimusho) has modified its travel policy regarding Israel and is now allowing Japanese businessmen to once again come to this country, while still banning organized tour groups from visiting Israel.

In late September, businessmen were advised to avoid traveling to the Middle East. A number of senior Japanese executives left the country at the time, following the US terrorist attacks, out of concern that Israel would be the next target of Osama bin Laden.

However, following major lobbying by Israel, Turkey and Greece which were all included in the travel ban the government in Tokyo has decided to allow businessmen to return to the area.

Chairman of the Israel-Japan Chamber of Commerce Aaron Bornstein said that approximately 500 Japanese businessmen arrive in Israel per month. "The lifting of the ban will be felt immediately and is necessary for Israel's economy," he told Itim.

Japan is Israel's second largest trading partner in Asia, after Hong Kong. Overall trade last year was approximately \$2 billion, of which \$1.18b. were Japanese imports to Israel. Israel's exports to Japan account for 20 percent of all exports to Asia.

Despite the worldwide economic slowdown, Israel has increased its exports to Japan by 11% in the period between January to October. According to Chamber of Commerce figures, exports to Japan reached \$613m. for the January-September period, a 20% increase over the corresponding period last year. Last year's exports to Japan reached \$838.7m. for the entire year. Israel's economic attache in Tokyo, Noach Shani, said to Jerusalem Post correspondent that there has recently been renewed interest by many Japanese companies in Israel. With the lifting of the ban, visits by trade delegations are also expected to resume.

### **Hitachi invests \$7 million in Scitex spin-off Aprion Digital**

Israeli start-up Aprion Digital has raised \$7 million. Aprion was spun off from Scitex two years ago. Hitachi is the new STRATEGIC investor. The strategic investment in Aprion is at a company value of \$150 million, before money. Aprion Digital president and CEO Dr. Miki Nagler declined to confirm or deny the report.

Aprion develops proprietary inkjet technology for digital printing presses. At the time of its spin-off from Scitex, Aprion raised \$25 million from Scitex, Clal Electronics Industries, Discount Investments Corporation and Templeton. The company raised a further \$20 million last year from **Toyo Ink**, Bank Hapoalim, and Israel Infinity Fund.





Some of Aprion's printers are in the final stages of development, while others are being installed at customers' facilities. Aprion is designing its products for the packaging large format/signage, book and document printing markets. The company's technology will allow the ordering of thick books through the Internet and will enable the tomes to be directly delivered to customers.

### **Comverse partners with NEC of Japan in communication services delivery**

Comverse, a provider of network-based multimedia enhanced communications services, announced that it was collaborating with Japanese company **NEC System Integration & Construction, (NESIC)** to enable the delivery of enhanced communications services in Japan.

Under the terms of the distribution agreement, Comverse is providing NESIC with its network communications products. The value of the deal was not disclosed.

NESIC operates in a wide variety of fields, extending from the construction of in-house data network systems to public network systems, wireless and transmission systems, broadcasting systems and mobile communications systems, as well as outsourcing.

Comverse CEO Zeev Bregman said, "As a leading system integrator, NESIC is well-established among Japan's network operator, ISP and ASP communities. Joining forces with NESIC is complimentary to Comverse's business model, as we continue to deliver enhanced services solutions and further expand our global reach."

NESIC senior vice president **Hideharu Kobayashi** said, "NESIC and Comverse continue to raise the standard of system integration in Japan. When selecting a system integration partner, Comverse was a natural fit allowing NESIC to more rapidly integrate their solutions, while providing customers with the high-quality products."

### **Expand Networks contracts with NTT Communications to provide the Accelerator Lineup**

**Expand Networks**, a leader in optimizing network performance, announced that **NTT Communications Corporation (NTT Com)**, a subsidiary of telecommunications giant Nippon Telegraph and Telephone (NTT) Corporation, will OEM Expand's ACCELERATOR product line to enhance the network solutions business of its server/client applications in the Japanese market.

By deploying Expand Networks' products that enable enterprise-wide network performance boosts of up to 400 percent, NTT Com will provide cost-effective accelerated network solutions.

"Expand Networks' proven, cost-effective solution enables us to meet our customer demands by delivering superior data services. The ACCELERATORS are easy to deploy and integrate seamlessly into our services. We saw instantaneous improvements," said Syuichi Shimokoba, director, Data Center Business Division,



NTT Com. "The ACCELERATORS are also complementary to our current offerings and will assist in marketing our inter-networking solutions. We are very pleased with the impressive performance and reliability Expand Networks provides."

### **Japan's Naurus supermarket chain buying electronic shelf labels from Israel's Eldat**

Japanese supermarket chain Naurus is buying **AdvanTAG** electronic labeling systems from **Eldat communications** in a \$2 million deal, following successful tests at three outlets. The solutions are being sold through Eldat's distributor in Japan, **Teraoka Seiko**.

AdvanTAG is a system to automate pricing at large stores. It communicates wirelessly between a central software system, electronic labels affixed to shelves bearing products, and the cash registers, without drawing on human resources.

In 1999 the company secured \$5 million from PSC, which manufactures bar code scanners. Other investors include Nisko, Mofet Israel Technology Fund and Evergreen Canada Israel Investments. The company recently shelved plans to go public on Nasdaq.

### **Sphera raised \$15 million of new Equity. in private placement**

Israeli startup Sphera raised \$15 million in its last funding round, according to a post-money company valuation of \$43 million.

It may have been a down-round for Sphera, although the precise figures are not known.

Sphera CEO Tamar Naor told TheMarker.com that the recent round was led by the Italian fund TLcom, which invested \$6 million, and by existing shareholders JVP which invested \$6 million, and Gemini VC Fund which invested \$3 million.

Two regular investors in the company, the **CSK Corporation** and Reuters Greenhouse Fund did not take part in this round. Naor said the round isn't over, and that other foreign funds may still join in. The final amount is estimated at \$20 million.

Three months ago **Mitsui**, Japan's largest trading company, announced a strategic alliance with Sphera. Mitsui is now the sole distributor of Sphera's flagship solution, the HostingDirector, in Japan.

When founded the company raised a seed \$3.5 million from JVP. In the end of 2000 it raised \$13.5 million. Gemini Capital Fund Management led the second financing round, and investors included JVP, an investment arm of Reuters Greenhouse fund, and the Japanese fund CSK.



### **Marubeni, Israeli firm (Alfina Security) to fight Cyberterrorism**

Marubeni Corp. is teaming up with Israel's Alfina Security Ltd. to start a business counteracting cyberterrorism in Japan.

As early as this year, the partners will set up a joint venture expected to be capitalized at around 500 million yen, with Alfina putting up more than half.

The venture will sell security systems made by the Israeli firm, which in the past has supplied systems to that the Israeli government as well as European and American financial institutions and government bodies needing advanced technology to prevent penetration by intruders and computer viruses.

Alfina's systems constantly monitor the internal workings of information systems. When they detect suspicious activity such as repeated errors in entering passwords, they warn system administrators and block the potential intruders' access.

Marubeni decided to get into the business due to heightened vigilance against cyberterrorism targeting corporate computer systems in the wake of the coordinated terrorist attacks on the U.S.

### **Toshiba selects eMation DRM to enable remote monitoring and diagnosis**

**eMation Inc.**, a pioneer of Device Relationship Management (DRM) enterprise software solutions, announced that the **Toshiba Corporation of Japan**, a world leader in high technology and an integrated manufacturer of electrical and electronic products, has agreed to license key components of the eMation DRM Device Relationship Management system for use in its new Factory View product sold with their V Series Controller. **Now Factory View** authorized users will be enabled to remotely monitor processes inside factories with complete security, receive alert messages from devices, and even change operating parameters via standard Web browsers from any location at any time.

Toshiba will include the eMation DRM Connector, an embedded application server for intelligent Internet-based monitoring and control, as a core component of its Factory View solution pack, a part of its "V series" Controller product that is sold as the central "brain" for machines across multiple industries. The eMation DRM Connector will also be used to link the critical data contained in the Controller over the popular i-mode mobile Internet access system created by Japanese mobile phone operator **NTT DoCoMo Inc.** allowing these same parameters to be accessed via wireless phones. These enhancements will allow Factory View customers to experience minimized device downtime, a decrease in the number of costly unscheduled service calls, and remote service for a wide range of intelligent devices.



December 2001

**Sanctum, Inc. and TechMatrix Deliver Comprehensive Web Application Security Solution to Japanese Market**

AppScan 2.5J Delivers 500% Improved Efficiency Over Manual Application Audits to Japanese Market

Sanctum, Inc., the established leader in Web application security software, today announced the availability of AppScan 2.5J(TM) to the Japanese marketplace. AppScan 2.5J provides users with the most comprehensive view of their applications and takes the human guessing and inconsistency out of Web site vulnerability assessment. TechMatrix joined development forces with Sanctum to deliver AppScan 2.5J, and is distributing the product along with Sanctum's solution AppShield 3.1J, throughout Japan. Together these solutions provide Japanese companies the tools to effectively protect the most vulnerable layer of their eBusiness.

With this latest offering, Sanctum further establishes its position as the leading provider of Web application security to the Japanese market. TechMatrix provides financial, technology and eCommerce companies with eBusiness solutions including computer security and network infrastructure, application platforms, and solutions.

AppScan 2.5J is available for distribution on December 15, 2001. AppShield 3.1J was released into the Japanese market on October 29, 2001. Localized to support Japanese language Web sites and Japanese characters, the international versions deliver a comprehensive offensive-defensive application security architecture that enables enterprises to focus developer resources on new products and services, rather than debugging and patching existing applications.

**RAD Reaches Record Sales in Japan**

RAD Data Communications has reported record sales in Japan during 2000 and 2001, and has dramatically increased its base of Japanese carrier clients.

"Our success is primarily due to the persistent hard work and professionalism of our Japanese distributors, **Rikei and ITFOR,**" states David Oberman, RAD's Sales Manager for Japan. "Their efforts have won us key contracts with Japan's leading carriers and corporate networks." These customers include carriers and service providers **NTT Communications, KDDI, Japan Telecom and Global Crossing,** and corporations such as **NEC, Ericsson Japan and Hewlett-Packard Japan.**

Over the last year, RAD has marketed and sold several joint solutions together with leading Japanese manufacturer and systems integrator NEC in Japan and a number of other countries throughout the world, from South America to Africa. RAD is also developing a relationship with Asia Global Crossing, the international carrier, which has already purchased RAD's ATM and TDM products for a series of projects in Japan.



KDDI is the recent merger between KDD, Japan's former incumbent international telephone carrier, and DDI, which was Japan's largest alternative carrier. The company created in the wake of their merger is now Japan's second largest carrier. To tailor a solution for KDDI's ADPCM voice service, RAD developed two new voice compression modules for its Megaplex TDM multiplexer, which is now deployed by KDDI throughout Japan.

RAD established a permanent presence of its own in Japan in 2000 when it opened an office in the Toranomon business district in Tokyo. In recognition of its continued success in the Japanese market, RAD will be awarded next month the Israel-Japan Chamber of Commerce's annual award for the export of telecommunications equipment to Japan.