



HAREL - HERTZ  
Investment House Ltd.



Word of Trust

# Israel Insight Economic Year 2005

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## January

### Japan hopes for Israel arms halt Japan has asked Israel to stop selling arms to its regional rivals, the country's foreign minister said during a visit to Jerusalem.

**Nobutaka Machimura**, in the Middle East for talks with Israeli and Palestinian officials, said he had raised the subject with counterpart **Silvan Shalom**. Mr. Machimura said he had made similar requests to Russia and the EU. Earlier Mr Machimura met Palestinian leader Mahmoud Abbas in Ramallah. He said Japan was eager to work for peace.

Israel is a leading developer of weapons systems, and has developed the world's only functioning anti-missile system, Arrow, in conjunction with the US.

Japan recently approved new defence guidelines aimed at developing a missile security programme with the US.

'General request'

But the country's constitution, drafted in the wake of the Japanese defeat in World War II, explicitly renounces force of arms as a method of resolving international disputes.

Despite this, the new defence guidelines describe North Korea and China as potential military threats to Japan.

North Korea has been pursuing a nuclear programme, while China is currently modernising its military. Israel was recently in dispute with the US about the sale of pilotless "drone" technology to China. Mr Machimura said he raised the issue in a "general way" during talks with Mr Shalom in Jerusalem.

Echoing calls from Egyptian President Hosni Mubarak, Machimura urged Israel to begin talks with the new Palestinian leadership after Prime Minister Ariel Sharon froze contacts following a recent suicide attack.

But Shalom reiterated demands that the Palestinian Authority first "act against terrorism" in keeping with the internationally drafted roadmap peace plan, which has made next to no progress since it was unveiled in 2003.

Shalom said he was looking forward to strengthening relations with Japan and that the two countries were aiming to boost trade to 3.0 billion dollars, from today's 1.8 billion.

Machimura met freshly sworn-in Palestinian leader Mahmud Abbas, as well as prime minister Ahmed Qorei recently. He is expected to meet Sharon, Shalom again and Israeli President Moshe Katsav thereafter.

Machimura is the latest in a string of foreign officials to call on Israeli and Palestinian officials since Yasser Arafat died in November amid hopes that the veteran leader's passing marks a new opportunity for Middle East peace.



## Japanese delegation head Hosei Norota has invited Ehud Olmert to lead a business delegation to Japan.

Members of the Japanese business delegation visiting Israel told Minister of Industry Trade and Labor Ehud Olmert, "We came to examine new possibilities for cooperation."

The head of the delegation, National Diet Member Hosei Norota, gave Olmert an official invitation to visit Japan at the head of a business delegation, in order to expand bilateral economic cooperation.

Olmert said, "Japan has the practical capabilities to help rehabilitate the Palestinian economy. The Ministry of Industry, Trade and Labor is ready to help implement these initiatives."

Embassy of Israel in Tokyo Minister for Economic Affairs Noah Shani said Japanese and Israeli high-tech companies set up at least 60 new technological cooperation ventures each year. He added that Japan was increasingly interested in R&D cooperation, and that Japanese companies were interested in setting up R&D centers in Israel.

## First Japanese Delegation In Israel Since Palestinians Launched War

For the first time since the outbreak of the current Palestinian war against Israel in September 2000, a Japanese business delegation visited Israel, seeking business opportunities in local industry.

Globes quoted the managing director of the Manufacturers Association, saying the visit indicated a reappraisal by Japanese business community about doing business with Israel. The visit by leading Japanese industrial figures was made possible by the relative calm in the security situation. The visit is predicted to result in \$30m worth of deals over the next two to three years.

Delegation participants included the heads of information technology and semiconductor company NEC, telephony services company NTT and Nippon Keidanren (Japan Business Federation). Nippon Keidanren, Japan's most influential business organization, comprises 1,306 companies, including 91 foreign ownership, 129 industrial associations and 47 regional employers' associations.

Israeli industrial exports to Japan, excluding diamonds, totaled \$495m in January - November 2004, 29% more than in the corresponding period in 2003. Most exports comprised machinery, electrical equipment, optical devices and tools, chemicals products and food products. Imports from Japan totaled \$1.06b in January - November 2004, 42% more than in the corresponding period in 2003. Most imports comprised vehicles, machinery and electrical equipment, chemicals products, plastics and rubber products, and optical devices and tools.

## Israeli embassy in Japan promotes joint technology development The Embassy founded a professional forum to find Japanese companies interested in developing technology in cooperation with Israeli companies.

Embassy of Israel in Tokyo Minister for Economic Affairs Noah Shani said that increasing interest by Japanese companies in Israeli technologies has led to the founding of a senior professional forum in the Israeli embassy in Japan. The forum's goal is to find Japanese companies interested joint development of technologies with Israeli companies.

According to Shani, technological cooperation between Israel and Japan expanded in 2004. A large proportion of Japan's leading technology companies have longstanding connections with Israeli companies.

Shani said that despite the existence of a scientific cooperation agreement between Israel and Japan, Japanese companies were unwilling to establish a formal framework for joint R&D between companies from the two countries.

He added, however, that in view of the high degree of technological symmetry between the two countries' information, communications, and biotechnology industries, it had been decided to establish a new professional forum, composed of researchers and academic figures in Israel and Japan. An Israeli professor and a Japanese professor with international reputations in technology and business entrepreneurship will head the advisory committee.

In addition, a consultation and guidance unit will operate in Japan. Representatives of Japanese industry interested in new ventures with Israeli companies can contact the unit.

## Japanese investors join Predix

**Predix Pharmaceuticals** completed an oversubscribed private equity financing, raising a total of \$43m. **Forward Ventures, Boston Millennia Partners, and CMEA Ventures** led this round of financing.

Additional investors participating in this round also included new investors **Novel Bioventures, Yamanouchi Venture Capital, Yasuda and JAFCO Ventures**, as well as previous investors **OrbiMed Advisors LLC, S.R. One, Yozma Group, International Life Science Partners** and **PA Consulting**.

Predix is a clinical stage drug development company that uses a proprietary discovery and lead optimization platform to focus on G-protein coupled receptor (GPCR) and ion channel drug targets. Over the past 2 years, the Company has discovered several novel drug candidates, two of which are in human clinical trials. – see full report in BIO CHAPTER-

## Corrigent Systems Wins Award of Excellence in Export to the Japanese Market

**Corrigent Systems**, a leading provider of **Packet ADM** (Add Drop Multiplexers) for next-generation transport networks, announced that it won an award from the **Israel-Japan Chamber of Commerce** for excellence in exporting its products to the Japanese market. The award for "Outstanding New Exporter to Japan" will be given in the presence of Japan's Ambassador to Israel **Mr. Jun Yokota**, Israel's Minister of Commerce and Deputy Prime Minister **Mr. Ehud Olmert**, as well as a senior delegation from Japan with representatives from major telecommunications corporations.

The decision to give the award to Corrigent was based on the commercial success of the CM-100 in Japan in 2004. Corrigent started its activity in Japan in 2003, and **Corrigent Systems KK** was opened late last year in Tokyo to further support the requirements of the Japanese market.

"We are proud to receive this award acknowledging our success, and would like to recognize our customers in Japan, who have made this award possible," said Ehud Rokach, CEO of Corrigent Systems. "Our Packet ADM is an important new component in Japan's advanced telecommunications infrastructure, and we thank the Chamber of Commerce for honoring our efforts with this award."

### **About Corrigent**

Corrigent leads a new class of metro-optical transport products that is revolutionary in its economics. Corrigent's CM-100 is a packet-ADM that fuses together SONET/SDH technologies with packet technologies such as RPR, Ethernet and MPLS, to evolve today's SONET/SDH-based transport infrastructure to the next generation packetbased transport network, in both a standards-based and interoperable manner. This breakthrough architecture solves the metro dilemma for service providers worldwide by allowing them to bridge their existing SONET services with next-generation data, voice and video services. Orckit Communications is the parent company of Corrigent.

## Spectronix expands to Japan

**Spectronix** signed a contract with a Japanese smoke and flame detection and firefighting products company, granting the Japanese company a license to develop Spectronix's new model hybrid IR3 - CCTV Flame Detectors. Under the agreement, the Japanese company will develop the product, currently defined as Spectronix's most advanced flame detection product, for the mass market.

Under the agreement, the Japanese company will bear all costs for developing a product based on a Spectronix model, and will pay Spectronix \$600,000 in the current quarter for the right to develop the product. Spectronix will also have exclusive sales rights outside Japan to the product developed by the Japanese company. The contract is valid for ten years.

Spectronix's hybrid IR3 - CCTV Flame Detector is the company's flagship product of its SharpEye Optical Flame Detectors family of products, which include ultraviolet, ultraviolet/infrared and triple infrared (IR3) detectors. Spectronix also manufactures theSafEye Optical Open Path Gas Detection system.

The agreement with the Japanese company follows other cooperation agreements signed by Spectronix in recent years. In September 2003, it signed a \$3.25 million agreement with Mine Safety Appliances Company (NYSE:MSA) of the US, granting MSA a license to manufacture two models of flame and gas detectors.

## February

### Sanwa Kagaku Kenkyusho Co., Ltd and Quark Biotech Inc. Enter Collaboration to License Dyslipidemia Therapy

**Sanwa Kagaku Kenkyusho Co., Ltd** and **Quark Biotech Inc.** announced that the companies have entered into an agreement for Quark to license the phase II compound BT16 to Sanwa for the treatment of dyslipidemia. The license provides Sanwa with exclusive development, manufacturing and marketing rights for the compound in Japan and other Asian countries. According to the agreement, Quark will receive an upfront payment as well as payments at development milestones with additional royalties on sales.

Mr. Satoshi Terao, Vice President R&D of Sanwa commented, "We are very excited at licensing BT16 from Quark Biotech Inc. Since we are focusing our R&D efforts on diabetes-related areas, the potential of BT16 as a metabolic syndrome therapy makes this product a very important addition to our R&D pipeline."

Dr. Daniel Zurr, chief executive officer of Quark Biotech Inc. shared, "We are pleased to be collaborating with Sanwa, an established and respected Japanese pharmaceutical company that pioneers development of new drugs for the treatment of the metabolic syndrome constituents. We are continuing to seek additional licensees in Europe and US to work closely with Sanwa to expedite the development of this important therapy and eventually bring added benefits to patients."

BT16 was found to have a potent efficacy of suppressing triglyceride levels in animal and human studies. Further studies demonstrated that it has also insulin-sensitizing properties and the possibility of this compound being developed as a metabolic syndrome therapy in the future has been suggested. All studies have shown BT16 to be safe and well tolerated.

Dyslipidemias, including elevated triglyceride states, are blood lipid disorders that result in abnormal lipid and lipoproteins levels in the blood stream, leading to a significantly increased risk of cardiovascular diseases. Cardiovascular disease is a leading cause of mortality worldwide. Dyslipidemia currently affects approximately 10 percent of the global population and its prevalence is increasing. An estimate of 20 to 30 percent of the dyslipidemic population needs alternative therapies to current treatments.

#### **About Sanwa**

Sanwa, a fully-integrated pharmaceutical company headquartered in Nagoya, Japan, is a division of **Suzuken**, the second largest pharmaceutical wholesaler in Japan. Sanwa's established therapeutic and diagnostic products serve the diabetes, cardiovascular and inflammation marketplaces.

### **About Quark**

Quark Biotech, Inc. is a privately held development-stage, biopharmaceutical company headquartered in Fremont, CA. Through innovative combination of gene silencing and DNA microarray technology, Quark has pioneered and patented its BiFAR(TM) platform for high-throughput functional profiling, allowing significant advances in the identification of target genes and proteins. This technology allows the company to develop conceptually novel drugs that provide previously unavailable benefits to patients. Quark is currently harvesting novel targets identified using this enabling foundation technology. Quark has focused development efforts on treatment of fibrotic and ischemic diseases of the eye, kidney and lungs, in indications with clear unmet medical needs.

Quark corporate product development teams and research facilities are based Fremont, CA with research facilities also in Ness-Ziona, Israel.

### **Pegasus raises \$5m in Israel and Japan Pegasus Technologies was valued at \$11.4 million for the round. Previous Japanese investors participated.**

Sources inform that start-up **Pegasus Technologies** has raised \$5 million at a company value of \$11.4 million after money. The company's previous Japanese investors led the round, **including Hitachi (NYSE: HIT; TSE: 650), Pentel, and Nippon Ventures**, which are now the main shareholders in the company.

The current financing round is taking place in two stages. The first, which will be completed by the end of the month, totals \$1.3 million, and the second, which will be completed by the end of June, include the remainder. No response from Pegasus was available as of web posting.

The company value for the round is significantly lower than its \$20 million value for in the preceding round, held eighteen months ago. Figures compiled by IVC Online show that the current round brings the amount raised by Pegasus to \$18.35 million. Previous investors who did not participate in the current round include Isal Amlat Investments; Ofer Brothers subsidiary Ofer Hi-Tech; Teuza Management and Development which owns 6% of Pegasus; and Marathon Venture Capital Fund which prior to the round owned 15.5% of Pegasus, fully diluted.

Pegasus produces a smart electronic pen, which combines infrared and ultrasound technology.



## TRDA & Wisair Partner to Develop the First MBOA Standard UWB Module

**TRDA (Taiyo Yuden R&D Center of America)** the R&D arm of world leading electronics components manufacturer **Taiyo Yuden** and **Ultra Wide Band (UWB)** solutions leader, **Wisair** teamed up to develop the first **MBOA standard UWB** module for customized applications, using Wisair's UWB chipset and Taiyo Yuden's RF and UWB components.

Focused on mass commercial deployment, TRDA and Wisair have been developing UWB modules to enable Consumer Electronic (CE) manufacturers to rapidly deploy UWB applications, based on the widely acknowledged MBOA standards. The first phase of the project was completed with the development of a UWB RF module based on Wisair 501 RF chip and Taiyo Yuden UWB antenna and additional components.

"TRDA and Wisair's collaboration is a key milestone in the process of commercialization of UWB technology, as it provides our customers with industry recognized high performance UWB solutions," said David Yaish, Wisair President and CEO. "Taiyo Yuden's UWB 'know how' and UWB components compliment Wisair solutions, addressing OEM's requirements for high performance UWB based products."

The UWB modules are based on Wisair's low cost high bit rate **Baseband and RF chipset**, comprising of a MB-OFDM modem, MBOA MAC and Wireless USB functionalities. Wisair's DV9100 Development Kit featuring the chipset, was recently sold to over 30 leading CE and PC peripherals companies worldwide.

Taiyo Yuden successfully developed the world's **first ceramic chip antennas for UWB** applications in 2003 and other passive solutions such as band pass filters and baluns optimized for the MBOA specifications. These significant achievements will enable OEMs to accelerate the integration of UWB technologies into a variety of consumer applications.

### **About Taiyo Yuden**

Now in its 55th year, Tokyo-based TAIYO YUDEN CO., LTD. is a worldwide manufacturer of surface-mount and leaded passive components, Bluetooth modules, power electronics modules, power supplies, and recordable digital media. With approximately 50% of the worldwide market in high-frequency multilayer chip inductors used in cellular phone applications, the company reports annual sales of nearly US\$1.5B. Worldwide, TAIYO YUDEN employs more than seventeen thousand people, and the company's North American affiliate, TAIYO YUDEN (U.S.A.), INC., operates sales and engineering offices in: Chicago, IL; Raleigh, NC; Irving, TX; San Jose, CA; and San Diego County.





### **About TRDA**

TRDA (TAIYO YUDEN R&D Center of America), the independent, U.S.-based research and development arm of TAIYO YUDEN, was established in January 2002 to accelerate the development and commercialization of emerging technologies. TRDA is headquartered in San Diego.

### **About Wisair**

Wisair (develops and markets MBOA standard based, high performance wireless communication chipset solutions, based on UWB technology. The company is an active Promoter Member in the Multi-Band OFDM Alliance Special Interest Group (MBOA-SIG), has been instrumental in the development of the MB-OFDM specifications and is an active participant in the IEEE standardization process, Wireless USB Promoters Group and WiMedia Alliance. Wisair solutions target Consumer Electronics, PC, mobile and automotive products, enabling the implementation of low cost, low power, and high bit-rate communication modules and system solutions for the fast emerging home/office connectivity markets.

Wisair is a privately held company, founded in May 2001, as part of the **RAD Group**. Wisair investors include: **APAX partners, Bynet VC, Intel, NIF, NTT Leasing, RAD VC, Tamar and Vertex.**

Wisair's international offices, in the USA, Japan, Korea and Taiwan, support business development, marketing and customer activities, while its headquarters, located in Israel, provides management, research and development facilities.

## **Breakthrough for Top Image Systems' eFLOW Unified Content Platform in Japan**

**Fifteen major customers have chosen to upgrade their systems to the newly released Version 3.0 and over twenty have expressed their interest**

**Top Image Systems, Ltd.** a leading innovator of Data Capture solutions, announced that fifteen existing customers in Japan have decided to upgrade their solution to **eFLOW Version 3.0**, the latest version of the company's signature software, eFLOW Unified Content Platform.

**Top Image Systems' subsidiary in Japan, TISJ**, formally started operations in September 2004. The establishment of the new entity was a natural evolution of the partnership between **Top Image Systems** and **Toyo Ink**, its local partner for the past eight years. Toyo Ink has transferred all of its existing customers and channels to the newly established TISJ, as well as the rights to distribute the Japanese localized version of TIS' eFLOW Unified Content Platform.

Implementing input management solutions in Accounts Payable departments in Japan is quite rare and most invoices and related documents are still being processed without the use of OCR- and ICR- based software. A great potential is ascribed to the Accounts Payable market in Japan. eFLOW Version 3.0, with its





Freedom for semi-structured applications, perfectly meets the specific challenges of automated processing for financial functions, and ensures benefits to the organization on all levels.

"Since TISJ's founding, it has been our goal to provide new and existing customers with our robust solution, eFLOW Version 3.0. The current success fits our strategy to expand our leadership position in the Japanese input management market," said Ido Schechter, CEO of Top Image Systems. "Many man-months have been invested in the development of eFLOW Version 3.0 with its adjustments to the special needs and character of Japanese customers. Currently, we are proud to present the localized solution. eFLOW Version 3.0 provides customers with a complete, originally designed platform, single end-to-end solution to streamline the entire flow of any kind of document, in any format and from any source, and to integrate into any enterprise system, including SAP and Oracle."

Fifteen of the market's largest customers have already chosen to upgrade the systems they have been using to the newest and most powerful version of eFLOW. Over twenty additional customers have expressed a strong interest in this move and are expected to upgrade their systems in the next three years.

The enhanced solution includes the ability to sort the incoming information, classify all documents, automatically recognize and extract the data from documents, apply the organization's business rules, validate the data, and seamlessly deliver these data to back-end enterprise systems. These capabilities are efficiently achieved by using best-of-combination of imaging, search, and recognition engines to provide customers with the highest recognition results.

### **About Top Image Systems**

Top Image Systems is a leading innovator of enterprise solutions for managing and validating content entering organizations. Whether originating from mobile, electronic, paper or other sources, TIS solutions deliver the content to applications that drive the organization. TIS' eFLOW Unified Content Platform is a common platform for the company's solutions. TIS markets its platform in more than 30 countries through a multi-tier network of distributors, system integrators and value added resellers, as well as strategic partners.

## March

### Sharon, Abbas accept invitations to Japan

The Israeli and Palestinian leaders have accepted invitations to travel to Japan, possibly for a summit meeting, but dates for the visits haven't been set, officials said. Prime Minister **Ariel Sharon** has accepted the invitation "in principle," a senior official said. He added that Sharon is willing to participate in a summit with **Palestinian leader Mahmoud Abbas**, but said a date or agenda for the visit hasn't been set.

Abbas said that he had accepted an invitation from Japan as well, and that he would probably go in May. Abbas made no mention of a joint meeting with Sharon. Japan's foreign minister, **Nobutaka Machimura**, invited both men to Japan during a visit to the region in January.

An official at the Japanese Embassy in Tel Aviv said that his government is still waiting for a formal answer from the two leaders and that the agenda of their visits is still up in the air.

From his part, Mr. Tasu Arima Japan's Special Envoy, said that the Japanese people are looking forward to welcoming President Abbas as soon as possible, emphasizing his country's utter backing to an independent and democratic Palestinian state, in accordance with the road map peace blueprint.

"If they come together, it would be nice," the official said, speaking on condition of anonymity. "But it depends on the situation. Whatever they would like to raise, they are welcome."

### Koizumi To Meet Sharon, Abbas Around May In Tokyo

TOKYO (Kyodo)-- **Prime Minister Junichiro Koizumi** will meet separately with Israeli **Prime Minister Ariel Sharon** and **Palestinian President Mahmoud Abbas** around May in Tokyo, Japanese, Israeli and Palestinian officials reported.

Koizumi said he is ready to mediate a trilateral meeting if he is asked to do so, though Sharon and Abbas will visit Japan separately this time.

After several meetings with Israeli Ambassador to Japan Eli Cohen and Waleed Siam, head of the Palestine Liberation Organization office in Tokyo, Koizumi said he is willing to play a role in the Middle East peace process by inviting both leaders. Sharon expects to visit Japan in late May or early June and Abbas in May, the envoys said after their separate meetings with Koizumi at his office.

The Palestinian envoy and a Japanese diplomat who accompanied him to the premier's office said the three authorities are studying the chances that Sharon and Abbas could meet in Tokyo.

"I wonder what assistance and cooperation Japan could provide -- assistance that best matches their needs and differs from that from the United States and Europe," Koizumi said.

"I think Japan has a role to play because Japan's development rests on the world's

stability and prosperity," he said.

On the possibility he could arrange a tripartite meeting with Sharon and Abbas, Koizumi said, "If they have such a wish, I'm always ready for that, but this time (the visits) will be made separately."

A trilateral summit among the leaders has not been ruled out if the itineraries of Sharon and Abbas coincide, said Motohide Yoshikawa, the head of the Japanese Foreign Ministry's Middle Eastern and African Affairs Bureau.

"We are studying it with the Japanese officials," the PLO's Siam said.

But Tokyo's primary purpose in inviting Sharon and Abbas is not a summit but to show Japan's commitment to the peace process and get suggestions on what specific steps it should take to help promote it, Yoshikawa said.

Foreign Ministry spokesman Hatsuhisa Takashima said separately in a news conference that he sees the chances as "extremely slim" that the Israeli and Palestinian leaders will come to Japan at the same time.

"I can't imagine a summit between the two leaders will be held in Japan," Takashima said.

Nevertheless, Israel's Cohen said he believes Tokyo can play a role as it is "far away from the conflict and also is...appreciated by both sides, Palestinians as well as the Israelis."

In particular, Japan's economic assistance to the Palestinians and its business relations with Israel "can be fruitful to Japan's efforts to strengthen the peace between the two sides in the region," he said.

"The personal initiative of the prime minister has brought it upon both parties to come to Japan and talk, and to find a solution, an equal solution," Siam said.

The Japanese government invited Sharon and Abbas to visit Japan in January during Foreign Minister Nobutaka Machimura's visit to Israel and the Palestinian area.

### [Deputy PM Olmert to attend April VC conference in Japan.](#)

**The conference will foster strategic partnerships between Israeli and Japanese technology companies.**

Minister of Industry, Trade and Labor Ehud Olmert will make an official visit to Japan in April. He will meet the Japanese prime minister, economic ministers, and company leaders.

The **Israel Venture Association** and the **Israel Association of Electronics and Information Industries** will attend a venture capital conference in Tokyo, which will include 70 Israeli companies.

The conference is aimed at creating a basis for strategic partnerships between Israeli and Japanese companies. 60 such partnerships were created last year, mostly in information technology and communications.

## Israeli high-tech and VC conference to take place in Tokyo next month (April 2005)

**Conference sessions will be devoted to software, telecom, chips, investment opportunities in Israel and Japan, and more.**

Tokyo was selected as the venue for this conference out of recognition of the strategic importance of the Japanese market. Oron, the founder of **Vertex Venture Capital**, stated,

“For many Israeli companies, Japan is a target market with significant growth potential for high-tech products and is viewed as a possible source for investments in the Israeli technology industry and venture capital funds.” Oron noted that this is the first time that the

heads of Israeli venture capital funds and electronic industries will hold organized meetings

with the top leaders of Japanese industry.

Birger emphasized the great importance of the conference in light of the significant expansion of business and technological cooperation between Israeli companies and the giants of Japanese industry. “Against the background of these conditions, the IAEI views the conference as an excellent opportunity for Israeli high-tech companies to make connections and promote technological and business cooperation with leading Japanese electronics companies, which are slated to participate in and around the conference.”

The IVA and IAEI cooperate in organizing high-tech conferences at the leading centers of capital and technology in the world, with the aim of promoting exports from Israeli high-tech industries, encouraging global investors to invest in Israel and to promote international collaboration, said Zeevi, a founding partner in **Carmel Ventures**. “These conferences have great importance in exposing Israeli companies, both new and old, to potential partners and customers throughout the world, and we call upon Israeli high-tech companies to take advantage of this and participate in the conference.”

Israeli exports to Japan grew 32% to \$765 million in 2004, 60% of which were in high tech. Imports rose by 44% to \$1.5 billion. Japan is now Israel’s second largest trading partner in Asia, with total trade of \$2.25 billion.

The conference was organized by the Israeli Embassy in Tokyo and shall be attended by the Ambassador Mr. E Cohen and the Economic Minister Mr. N. Shani.

## **Israeli exports to Japan grew by 32% in 2004 to \$765 million; imports grew by 44% to \$1.5 billion.**

### **Japanese seek collaboration with Israel in biotech**

Japanese companies are very interested in expanding collaboration between Japan and Israel in biotechnology, says Noah Shani Minister, Economic Affairs at the Israeli Embassy in Tokyo.

The embassy's economic department and the Osaka-Israel Chamber of Commerce arranged a meeting of Japanese and Israeli companies last week. At the meeting, companies were shown the mutual advantages of expanding bilateral R&D activities, Israeli innovations in biotechnology and nanotechnology, and possible ways for cooperating in the establishment of new ventures.

Japan is Israel's second largest trading partner in Asia. Bilateral trade reached \$2.25 billion in 2004. Israeli exports to Japan grew by 32% in 2004 to \$765 million, and imports grew by 44% to \$1.5 billion.

Israel's main exports to Japan are machinery and mechanical and telecommunications equipment (34%), medical and optical equipment (25%, following a 60% increase in exports), diamonds and precious stones (19%), and chemicals products (9%). Diamond exports have been declining, while exports of high-tech and telecommunications equipment have been rising. Israel's main imports from Japan are vehicles (43%), machinery and mechanical equipment.

## April

### Japan to lower Israel travel warning

**Japan's prime minister promised to lower the travel warning during a meeting with Ehud Olmert.**

In the wake of Minister of Industry Trade and Labor Ehud Olmert's visit to Japan, Japanese Ambassador to Israel Jun Yokota announced, on behalf of the Japanese government, the effective travel warning against travel to Israel by Japanese business people and tourists will be lowered. Japanese Prime Minister Junichiro Koizumi promised to lower the travel warning during a meeting with Olmert. Japan will lower its travel warning to Israel to level 1, the lowest travel warning level. This is the travel warning level in place until 1999, when 20,000 Japanese visited Israel a year, before the outbreak of the *intifada* the following year.

Japanese government relaxed its travel advisory to Israel to the **lowest Level 1 warning** – "to be cautious" – in a move which is widely seen as an opportunity to strengthen business ties between the two countries.

All areas in Israel were upgraded to the Level 1 warning, which encourages people to "reconsider their travel," while travel to Jerusalem and the border areas remain at a level lower with a recommendation to postpone.

A spokesman for the Japanese Embassy in Tel Aviv said that lifting the travel restrictions gave the Israeli business community greater access to the productive Japanese market and made it easier for them to forge ties with potential partners by bringing them out to see the innovation here first hand.

### Sony looks into collaboration with Israel

**Sony** President Nobuyuki Idei instructed his vice-president to promptly organize a special team to examine the possibility of collaborating with Israeli companies, following Industry, Trade and Employment Minister Ehud Olmert's meeting with company officials in Japan.

He also visited the headquarters of NTT and Panasonic and suggested commercial collaboration with Israel, especially in regards to research and development, and technological knowledge.

NTT is also considering the possibility of establishing another laboratory in addition to the 12 currently in operation, which would operate in collaboration with Israel.

## Japan's Economy Minister calls on firms to expand ties with Israeli Companies

In a document signed in Tokyo on April 14<sup>th</sup> with Minister of Industry Trade and Labor Ehud Olmert, Japan's Minister of the Economy, Trade, and Industry **Shoichi Nakagawa** called on Japanese businesspeople to visit Israel and expand their ties with Israeli companies.

It should be noted that a Japanese government travel warning for businesspeople and tourist to avoid Israel is still in force.

Nakagawa further stated in the document that it was important for Japanese companies to visit Israel and expand their knowledge of Israeli industry, with the assistance of the JETRO

The document also declares that Japan's National Institute of Advanced Industrial Science and Technology (AIST) will be pleased to host their Israeli colleagues for R&D projects.

Embassy of Israel in Tokyo Minister for Economic Affairs Noah Shani told "Globes" that the document was important because it called on the Japanese government to send business delegations to Israel. Shani believes that this will offset the travel warning.

He added that negotiations on the document had taken two months, and that Japan's Ministries of Defense and Foreign Affairs both approved the document before it was signed.

The Japanese government sought to include in the document a statement on the importance of progress in the peace process between Israel and the Palestinian Authority. The addendum states that Japan views the Israeli government's commitment to peace in the region, and its efforts to pursue the peace process in the region as the basis for Japan's strengthening economic ties with Israel.

The document states that Nakagawa is aware of the rapid technological developments in Israel, and its contribution to bilateral relations and cooperation. Nakagawa and Olmert signed the document at the conclusion of their meeting, during which they discussed ways of encouraging bilateral economic relations.

## Israel, Japan to consider homeland security cooperation

Prospects of the first-ever cooperation between Israel and Japan in defense and homeland security exports emerged during a visit by **Minister of Industry, Trade, and Labor Ehud Olmert** in Tokyo.

Olmert told "Globes" that he had discussed cooperation on matters, which he described as "sensitive," with Japanese **Minister of Defense Yoshinori Ohno**. Olmert said that he could not disclose the content of the talks, but added that a chance of cooperation on these matters had been created.

Olmert added that he would propose at a meeting with the Japanese prime minister



that Japan take an active part in the diplomatic process between Israel and the Palestinian Authority. Olmert said, "I'm proposing that Japan be not merely an external onlooker, but become an active player in creating economic change in the Middle East.

Israeli **Ambassador to Japan Eli Cohen** noted that Japan did not buy defense equipment and technology from Israel, both because of its sympathy for Palestinian interests and its commitment to defense procurement from the US. Olmert and Ohno agreed, however, to set up work teams to consider in which defense and security products and fields Israel and Japan could cooperate.

### Successful high-tech convention in Tokyo signifies a new era for Relations

**Israeli high-tech executives were surprised and pleased at the success of a Tokyo convention organized by venture capitalists and electronics industry executives.**

The convention, held in a downtown Tokyo hotel, focused on creating strategic partnerships between Israeli and Japanese companies.

While the Israeli embassy in Tokyo organized several tours for the convention's Israeli participants at N.M.C, Hitachi and Omron, several Israeli businessmen chose to skip the tours due to business meetings scheduled as a result of the convention's success.

### The time is right: Orbotech

**Orbotech Ltd.'s** Japanese branch head, Avi Koren, said Omron's president told him he has been searching for Israeli companies to assist in the development of sensor systems for the Japanese medical sector.

He also told Koren he is interested in sending people to Israel to study these areas.

"We have wanted the connection with Japan for such a long time, but there were always obstacles in the way, such as the security situation," Koren said. "Now there's a sense of a new chance...the Japanese economy is recovering and the Israeli companies are doing well."

Koren said he arrived at the convention as the representative for Orbotech and used the gathering to connect with different companies regarding new areas and sales channels.

"I also learned more about the medical sector market and the simulation market that Orbotech has recently entered, in order to see what we can offer the Japanese," he said.

Yoram Oron, Vertex Venture Capital founder and chairman of the venture capitalists' group Yoram Oron said the convention exceeded all expectations in terms of



participation.

"Many participants reported they have scheduled follow-up meetings," he said. "But the real test is whether this will bear any fruit...we'll find out in about a year and a half."

"If highly-ranked (Japanese) executives visit (Israel), it means we've created serious interest," he said.

## **NEC Introduces Personal Computers with MaxxBass**

**Waves' patented psychoacoustic bass extension technology delivers deeper, richer bass for NEC's PC customers**

**WAVES AUDIO LTD.**, a leading provider of audio signal processing technologies announced that **NEC, Japan's** leading personal computer company, has introduced five new personal computer systems in its popular **VALUESTAR** series with Waves patented MaxxBass® psychoacoustic bass extension technology.

In a separate announcement, NEC introduced the VALUESTAR W series (VW900/CD and VW700/CD) with MaxxBass processing on integrated subwoofers and VALUESTAR VR series (VR770/CD, VR700/CD and VR500/CD) with MaxxBass processing on integrated stereo speakers. These desktop systems utilize Waves' MaxxBass to deliver deeper, richer, more natural bass frequencies from speakers integrated directly into these desktop PC models.

"Waves MaxxBass technology allows our new PC models deliver rich and natural bass frequency response similar to home audio equipment," said Yoichi Yosida, VALUESTAR Product Planner, NEC. "Additionally, by delivering such rich and powerful bass from integrated speakers, MaxxBass helps NEC deliver a stylish and improved ergonomic system design to our customers."

"NEC is one of the most innovative PC companies and the first to use MaxxBass to deliver deeper bass for any audio application in their PCs," said Paul Bundschuh, Vice President of Sales & Marketing, Waves Semiconductor & OEM Licensing Division. "The PC industry is pushing to build multimedia-rich products for consumers with smaller, more ergonomic designs. The bass frequency response, which carries most of the emotional impact in movies, music and games, is normally lost when the speaker size is reduced. By using patented psychoacoustic technology, Waves' MaxxBass ASIC enables NEC PCs to deliver the bass response and emotional impact of much larger, more powerful speakers."

### **Not a Bass Boost Technology**

MaxxBass is not a bass boost technology, but instead uses a Waves patented psychoacoustic algorithm to allow you to hear bass far below the physical limitation of the speakers by taking advantage of the latest research in how sound is perceived. MaxxBass allows you to hear frequencies up to 1.5 octaves below what is generated. By enabling small full range speakers to be embedded in a wide range of consumer products, Waves is opening up a whole new realm of possible applications, including portable loudspeakers, car audio, LCD TVs, computers and home theater systems.

### **About Waves Audio Ltd.**

Waves is the world's leading provider of audio signal processing tools for professionals. Its processors are used to improve sound quality in the creation of practically all of the world's most popular music, movie soundtrack and multimedia titles. Waves offers both award-winning embedded software for digital audio workstations and various hardware products tools to the world's most successful and demanding audio professionals

### **InterCure president: CSFB Japan proposes IPO at \$250m value**

Israeli medical device company **InterCure**, , which is pioneering the breathing-based treatment of cardiovascular diseases, has raised \$3 million in a first closing of its series C round of fundraising. The round was led by **Nikko Antfactory**, the venture capital arm of **Nikko Cordial Securities** (TSE: 8603), Japan's third largest investment bank, together with Japanese venture capital firm **Nippon Venture Capital** (NVCC).

InterCure president and CEO Erez Gavish, son of InterCure co-founder and chief scientific officer Dr. Benjamin Gavish, said this was **Nikko Cordial's** first investment in an Israeli company.

Existing investors **Medica Venture Partners**, Yaacov Shachar, Dr. Arie Ovadia and Dr. Benjamin Gavish, one of the company's two founders, also participated in the round. Other investors in the company include New York-based **True-North-Palladin Partners**, United Mizrahi Bank, and Daniel Plotkin, the company's chairman.

InterCure said it intended this round to be its final private financing round. It plans an initial public offering by the end of next year.

According to Erez Gavish, **Credit Suisse First Boston Japan** has proposed to the company that it should consider an initial public offering in about six months' time at a value of \$250 million.

InterCure has developed the breathing-based **RESPeRATE To Lower Blood Pressure device**, which it claims is the only non-drug hypertension treatment device clinically proven to lower high blood pressure. The device has been cleared for marketing in the US, by the US Food and Drug Administration (FDA), and in Europe and other markets.

## May

### Palestinian Leader Abbas calls for progress in peace 'roadmap'

Calling for progress on the "roadmap" to peace in the Middle East, Palestinian President Mahmoud Abbas said he aimed to resolve disputes with Israel peacefully. Mr Abbas said once peace is achieved, Israel would be able to normalise diplomatic ties with Arab nations. He was speaking in Tokyo a day after Japan made a multi-million dollar pledge of aid.

Palestinian leader Mahmud Abbas welcomed Japan's pledge of US\$100 million in financial aid scheduled to be disbursed before next March.

Tokyo will extend an additional \$100 million in aid for Palestinians to help establish peace in the Middle East. The fresh pledge comes on top of \$760 million in aid Japan has given to Palestinians since 1993 and an additional \$60 million in special assistance following the death of former Palestinian leader Yasser Arafat in November last year.

The aid followed Israel's planned pull-out of Jewish settlers and soldiers from the Gaza Strip in mid-August. Israeli Prime Minister Ariel Sharon called that controversial decision the most difficult of his life. And since his announcement, settlers opposed to the pullout had paralysed Israeli roads.

"There are some views coming out of Israel that the pullout from Gaza will be its first and the last. I pray that this won't be the case or it will trigger another collision. We need to solve our many problems in a peaceful way. It will benefit Israel too as it's likely to enable it to normalise relations with the Arab countries," said Palestinian President Mahmoud Abbas.

Japan hopes to help develop Palestine's social system by despatching experts from its International Cooperation Agency for the first time in seven years. Both sides also plan to hold ministerial meetings in Tokyo as soon as possible. The Palestinian leader said realising the roadmap to peace is no easy task.

"A roadmap itself is important but it does not represent everything. We need patience in overcoming difficulties and continuing our efforts. In the end, it's important that the process is accepted by the international community," said President Abbas.

Japan has good relations with both sides, with its huge economic aid to the Palestinians and strong business relations with Israel.

As Israeli Prime Minister Ariel Sharon is expected to come to Tokyo next month, Prime Minister Junichiro Koizumi is eager to set up a tripartite meeting.

After Japan, the Palestinian leader heads to China followed by the US, his first trip there since being elected in January.

### Japanese PM enjoys Israeli-style dinner

**Junichiro Koizumi guest of honor at Ambassador to Tokyo Eli Cohen's official residence; enjoys Falafel, stuffed grape leaves, says he has 'much respect for Sharon'**

The moment Israel's Ambassador to Japan Eli Cohen has been waiting for since he landed in Tokyo a year ago finally arrived, as Japanese Prime Minister Junichiro Koizumi, accompanied by four of his aides, arrived at Cohen's official residence for a concert and an Israeli-style dinner.

"As soon as I became ambassador I began looking into how I may bring Koizumi to the ambassador's residence," Cohen said. "We gathered intelligence and found out he enjoys classical music very much, especially piano and violin. We worked on this for about a year, until it finally worked out."

A visit by a head of state to the residence of any Israeli ambassador is considered a rarity, especially when it comes to a reserved country, such as Japan and its busy prime minister. However, the embassy staff learned that most of his evenings are free, as Koizumi is still single.

The event included a concert in honor of the distinguished guest, performed by Israeli musicians Sergei Nakariakov (trumpet) and Sasha Toperich (piano) and a dinner that included servings of some of Israel's most popular dishes, such as stuffed grape leaves, Kube soup and Falafel. Embassy spokesman Gil Heskell told Ynet Koizumi enjoyed the delicacies prepared by the ambassador's wife, Tzviya Cohen. "He drank Israeli wine and was in high spirits," he said.

Word of the event was leaked to the Japanese media, and dozens of camera crews positioned themselves in front of the ambassador's residence to cover the event.

Cohen said that upon the evening's conclusion Koizumi told him he has much respect for Prime Minister Ariel Sharon.

"He told me he would welcome Sharon whenever the Israeli prime minister would decide to visit Japan," he said.

Recently Koizumi and his foreign minister have extended Sharon a number of invitations to visit Japan, but an official visit is yet to be scheduled. Cohen said he has urged Israeli officials to increase their efforts to organize such a visit.

### Japan Q1 Diamond Imports Rise 2.5% to \$304M

Japan imported 706,839 carats of polished diamonds worth \$303.94 million in the first quarter of 2005, up 2.5 percent in value terms though down 4 percent in caratage from the 736,465 carats worth \$296.59 million in the previous year, according to Japan's Jewelry Trade Center (JTC.)

## Japanese imports of polished diamonds rose a whopping 117 percent in March to \$107.845 million.

In value, nearly half of all goods, 45.9 percent, were shipped from India, while imports from Russia displayed the biggest leap – well over 1,000 percent. India, Belgium, and **Israel** were Japan's major sources of polished diamonds during 2004. Japan's main trading partners in the import of diamonds were India (\$136.98 million,) Belgium (\$67.47 million,) and **Israel (\$43.17 million.)**

## Aktar signs \$5m agreement with Nippon Chemicon of Japan

In the past few weeks, technology company **Aktar** signed an agreement with Japanese giant electronics component manufacturer **Nippon Chemicon**. The agreement will generate \$5 million in revenue for Aktar, and could create more. Mother and daughter scientific team Iris and Dina Katzir founded Aktar in the Kiryat Gat High-Tech Center in 1994, and Dina Katzir is currently in charge of the company's R&D.

Private investors have invested a few million dollars have been invested in the company since it left the incubator, including RDT group founder and chairman Israel Adir, who is president of Aktar, and Comsor Venture Fund. In 2000, Aktar recruited a Japanese investor, who represents the company in Japan, and who introduced Aktar to Nippon Chemicon.

Aktar develops and manufactures coatings used in production of electrodes for the capacitor industry. Its manufacturing process uses a vacuum. The unique coating doubles the capacity of the electrodes, enabling manufacturers to miniaturize them. In contrast to similar products on the market, Aktar's technology does not use chemicals.

Aktar also develops black coatings that absorb radiation, and which emit little heat, particularly in the UV and VIS ranges used for optical, electronic, and chemical applications.

## C-nario Messenger 3 MultiDisplay Software Suite at InfoComm 2005 together with TOSHIBA

**C-nario**, a leading developer of digital dynamic messaging, signage and advertising software solutions, announced that they will be showing their new Messenger(TM) 3 MultiDisplay software operating platform at the **Toshiba Display Systems** booth at the **InfoComm 2005** Expo in Las Vegas, June 4-10.

"Messenger(TM) 3 firmly establishes the technological superiority of our software platforms," said Arnon Diskin, C-nario Chairman and CEO. "The multi-dimensional and high definition creative capability of Messenger(TM) 3 playback is easily

identifiable when viewed on Toshiba's DLP video wall products."

"C-nario's applications work well in the high-demand environments in which Toshiba's DLP video wall products are used," said Brett Armstrong, Toshiba Display Systems National Manager of Sales and Marketing. "Our customers demand superior performance and reliability from their hardware and software, and they get both with Toshiba and C-nario."

Messenger(TM) 3 MultiDisplay software suite architecture integrates the most common and first truly ubiquitous multi-display network allowing a vast community of synchronized, high definition audio/visual content to be delivered by public messaging and communications. Advantages include: Ad sales model, advance communication protocol, and the ability to run several channels from one "standard" computer, etc.

**C-nario** software-based solutions provide an end-to-end, network-based information platform that overcomes the economic challenges of delivering high-quality combined video, audio, graphic and text-based information, commercials and promotions to networked electronic displays.

### [Iscar buys Japanese drilling equipment co UNI Tech for over \\$10m Iscar is also building a second factor in Dalian, China.](#)

**Iscar** is acquiring Japanese drilling equipment maker **UNI Tech Corporation**. UNI Tech will become the first Japanese company under Israeli ownership.

Iscar CEO Jacob Harpaz confirmed the report, but declined to comment on the identity of the company. He said Iscar would hold the controlling interest in the Japanese company. He added that Iscar had acquired technology and know-how for a new product line that previously was not part of Iscar's basket of products.

Iscar will invest an estimated \$10 million in UNI Tech, which has \$30 million in annual sales.

Iscar is also building a second factor in Dalian, China. Iscar will wholly own the new factory. Iscar and China's largest machine tool company DMTC own the first factory in equal shares.

You may find more information about Iscar Japan in <http://www.iscar.co.jp/>

### [Aer Scout Japan Selected By NEC System Integration & Construction \(NESIC\) For Wi-Fi-Based Active RFID Location Solution](#)

**AeroScout Japan Extends Leadership in Real-Time Location Market Through Collaboration with NESIC and Oracle Japan**

**AeroScout, Inc.**, a pioneer in the field of Enterprise Visibility Solutions, announced that AeroScout Japan has been selected by **NEC System Integration & Construction (NESIC)**, a subsidiary of NEC, to provide Wi-Fi-based Active RFID





systems to the Japanese market. NESIC is targeting 5 billion yen (\$46.6 million dollars) in sales of AeroScout products by 2008. This partnership continues AeroScout Japan's tremendous growth and leadership in the Japanese market, also highlighted by recent collaboration with Oracle Japan and Cisco Systems. The agreement between AeroScout Japan and NESIC entitles NESIC to distribute the AeroScout Visibility System, the company's award-winning wireless LAN-based real-time location system. NESIC will develop and offer solutions based on the AeroScout system, and will support the system with customer evaluation and analysis, installation, application development and maintenance. Customers can use the system to wirelessly locate valuable assets and people, both indoors and outdoors, in environments such as shipping yards, hospitals and manufacturing facilities.

"**AeroScout Japan's** recent successes are indicative of the growing demand for Wi-Fi-based location solutions in the Japanese market," said Andris Berzins, VP of Marketing and Business Development, AeroScout. "Through partnership with market leaders such as NESIC and Oracle Japan, AeroScout Japan is developing first-class sales channels. This clearly demonstrates the maturity, innovation and competitiveness of the AeroScout system."

NESIC has high expectations for sales of AeroScout products, with a target of 5 billion yen (\$46.6 million dollars) in sales by 2008. The entire Japanese market for indoor location systems is forecast to grow to 38 Billion yen (\$354 million dollars) in 2008, according to research firm ESP Research Institute.

In addition, Oracle Japan recently announced that it is offering a location tracking system, as part of the Oracle Database 10g and Oracle Application Server 10g product lines, which integrates the AeroScout Wi-Fi location capability. AeroScout Japan recently appeared alongside Oracle and Cisco Systems at Japan's RetailTech trade show, where the three companies demonstrated a joint solution for inventory tracking.

### **About AeroScout**

AeroScout provides award-winning enterprise visibility solutions that utilize Wi-Fi wireless networking standards to deliver accurate location-based solutions. The AeroScout system includes real-time location services (RTLS), long range active RFID, telemetry and choke-point visibility all in a single integrated cost-effective infrastructure. AeroScout's standards-based applications locate valuable assets and people in indoor and outdoor environments, enabling customers in numerous industries to drive revenues and cut costs. AeroScout is a privately held company based in San Mateo, CA. AeroScout Japan, based in Tokyo, is Aero Scout's master distributor in Japan.

## JUNE

### Japanese PM enjoys Israeli-style dinner

**Junichiro Koizumi guest of honor at Ambassador to Tokyo Eli Cohen's official residence; enjoys Falafel, stuffed grape leaves, says he has 'much respect for Sharon'**

The moment Israel's Ambassador to Japan Eli Cohen has been waiting for since he landed in Tokyo a year ago finally arrived, as Japanese Prime Minister Junichiro Koizumi, accompanied by four of his aides, arrived at Cohen's official residence for a concert and an Israeli-style dinner

"As soon as I became ambassador I began looking into how I may bring Koizumi to the ambassador's residence," Cohen said. "We gathered intelligence and found out he enjoys classical music very much, especially piano and violin. We worked on this for about a year, until it finally worked out."

A visit by a head of state to the residence of any Israeli ambassador is considered a rarity, especially when it comes to a reserved country, such as Japan and its busy prime minister. However, the embassy staff learned that most of his evenings are free, as Koizumi is still single.

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"He drank Israeli wine and was in high spirits," he said.

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"He told me he would welcome Sharon whenever the Israeli prime minister would decide to visit Japan," he said.

Recently Koizumi and his foreign minister have extended Sharon a number of invitations to visit Japan, but an official visit is yet to be scheduled.

Cohen said he has urged Israeli officials to increase their efforts to organize such a visit.

### Israeli ambassador wields martial arts for peace

Israel is as small as the island of Shikoku. Many people in Israel practice Japanese martial arts such as judo, karate, aikido, kendo, iaido and jujitsu," said Eli Cohen, Israeli ambassador to Japan, in his speech at a recent Japanese speech contest among foreign diplomats in Tokyo.

Cohen is a fifth-degree black belt, the highest level in Shotokan karate. After arriving



in Japan last year, the ambassador set up a karate *dojo*, or school, at a Buddhist temple in Tokyo. He teaches karate to a wide range of people, from children to adults. His favorite book is "*Gorin no sho*" ("A Book of Five Rings"), written by famous medieval master swordsman Miyamoto Musashi.

While attending Hebrew University of Jerusalem in 1971 he saw a group of students practicing karate, and was so intrigued that he took up the martial art. During his first lesson, the instructor, who was so impressed with Cohen's form, said to him, "You know karate already?" Cohen then realized he had learned similar self-defense training when he was in the army.

Since then, he has been absorbed in karate, often training six to eight hours a day. His karate instructor had studied in France under Tsutomu Ohshima, a former member of the karate club at Tokyo's Waseda University and a great contributor to the spread of Shotokan karate around the world.

Ohshima has set up dozens of karate dojos around the world. Despite his advanced age, he still teaches students at his dojo in Santa Barbara, California. He was one of the direct disciples of Shotokan founder, Gichin Funakoshi.

*Israeli Ambassador Eli Cohen teaches karate to Japanese children in Gifu.*

After graduating from university, Cohen started an insurance agency and then a computer trading company. During his career as a businessman, he opened karate dojos in Jerusalem and the nearby town of Ma'aleh Adumim.

In 1984, Cohen retired from business. He lived on a pension and spent his time practicing karate. He was then asked to be the deputy mayor of Ma'aleh Adumim. He served in the post from 1986 through 1988 and began a new phase in his life, that of a politician.

Cohen held various political posts until becoming a member of the Knesset, or Israeli parliament, in 2002 under the Likud, the main political party in the current government.

In 2003, when Israeli Foreign Minister Silvan Shalom offered Cohen an ambassadorial post, he said he would only accept if it was to Japan. He first visited Japan in 1987 as a member of the Israeli national karate team to participate in an international competition along with U.S. and Canadian squads. The Israeli team won the championship, even defeating the heavily favored Japanese.

Cohen was born in Jerusalem in 1949. His parents had left Djerba, a Mediterranean island off the coast of Tunisia, and settled in Israel in 1948, the year of Israel's birth. According to Cohen, many of his Jewish ancestors were "brave warriors." He thinks that the common virtue of the Jewish soul and the Japanese philosophy of Bushido is their "fighting spirit."

In Japan, Cohen has given many speeches as the "ambassador of karate." At the speech contest, he talked about the importance of "going inside the minds of others" in order to overcome adversaries. He said doing so would also help people better understand each other and create deeper friendships as a result.

Cohen believes that politicians and diplomats can build a peaceful world by learning the essence of Bushido, that of mutual respect.

## Japan Grant Aid to UNICEF For Palestine

**The Government of Japan** has decided to extend a grant aid of **344 million yen** to the **United Nations Children's Fund (UNICEF)** for the project for improving the Control of Infectious Diseases and the Nutritional Status of Palestinian Children in the Palestinian Administrated Areas. Notes to this effect were exchanged on June 2 (Thu) in Ramallah between **Mr. Jun Yokota**, Japanese Ambassador to Israel, and **Mr. Dan Rohrmann**, Special Representative, UNICEF/Occupied Palestinian Territory. Vaccination programs in the Israeli-occupied Palestinian areas had been carried out by the Israeli civil administration office since the latter part of the 1950s, but as the Palestinian Authority (PA) was established in accordance with the 1993 Oslo Agreement, responsibility for vaccination in the West Bank and the Gaza Strip was transferred to the PA in 1995. Putting emphasis on vaccination, the PA Ministry of Health improved the vaccination rates of children from 60% in the 1960s to about 95% in 1997. However, because of financial difficulties caused by Palestinian economic failure from such causes as the blockage by the Israeli military, increased demands for medical services resulting from a rapid population increase, and other causes, it is now difficult to get all children vaccinated.

Since 1999, Japan has been helping the PA expand vaccinations, with a view to maintaining the vaccination rates in Palestine. Toward the end of last year, however, epidemic parotitis (mumps) of uncertain origin became rampant in the area centering on the northern part of the West Bank (Nablus), with sporadic rubella cases. It was also found in a serological survey that only two thirds of the children under five are immune to measles. Additional MMR (measles-mumps-rubella) vaccination is therefore needed to prevent these diseases from spreading further.

On top of that, the iodine deficiency rates of Palestine school children are more than 15%, and the rates are high in the southern part of the West Bank in particular. In such a situation, UNICEF has formulated the project for Improving the Control of Infectious Diseases and the Nutritional Status of Palestinian Children to give PA children additional vaccination against mumps, rubella and measles, decrease the infection and mortality rates of such diseases as poliomyelitis, and reduce iodine deficiency in children, and requested from the Government of Japan grant assistance necessary to purchase vaccine and other medicines. Japan is extending this assistance, recognizing that the improvement of the dire living conditions of Palestinians is vital to the advancement of the Middle East peace process. It is expected that this project will enable additional MMR vaccination to be given to about 1.2 million children (6-18) and BCG, polio and other vaccines to about 105,000 infants (0-1) in the Palestinian Administrated Areas, thus reducing mortality rates and improving health conditions of them by preventing infectious diseases. It is also expected that iodized salt to be produced in Palestine will reduce iodine deficiency, improve these children's nutrition, and contribute to improving the humanitarian situation in Palestine.

## Japanese Envoy, Tatsuo Arima: Japan to Pursue Efforts to Re-Operate Yasser Arafat Airport in Gaza

Tatsuo Arima, Japan's Special Envoy for Peace in the Middle East asserted that the Japanese Government shall pursue the international efforts to operate Yasser Arafat International Airport for its practical significance to the Palestinian people.

Arima's remarks came while he was touring Yasser Arafat International Airport accompanied by senior delegation to have a look at the scale of losses and destruction caused by the Israeli attacks on the airport.

Salman Abu Halib, Chairman of Civil Aviation Authority, Faisal Hamad, Director General of Yasser Arafat Airport and a number of the engineers and employees working at the airport, received the Japanese envoy the delegation accompanying him.

Arima pointed out that in cooperation with Abu Halib and the officials of the airport Japan shall help to complement the infrastructure of the airport as part of the negotiations referring that the Quartet has been informed that Japan shall pursue efforts to re-operate Yasser Arafat International Airport.

On his turn, Abu Halib thanked the Japanese government for all the support it offers to the Palestinian people at all scales specially the Japanese aids to the Authority of Civil Aviation making a mention of the Palestinian engineers who have been sent to Japan to be trained. He also affirmed that Japan has not stopped offering fellowships to the employees of the Authority to receive traineeship in Japan.

"Our airport is small if compared to other international airports but we feel our airport as huge as the Palestinian cause and the sacrifices of our people. The Palestinian airport is an outstanding sign of the Palestinian sovereignty. For over 35 years I have been flying non-Palestinian aircrafts, we will be so proud to fly our own Palestinian aircrafts for they will be our ambassadors worldwide." Added Abu Halib.

He also said that the Palestinian Airport has been subjected to many Israeli attacks causing it dire destruction asserting that there are no Apatchi helicopters or F16 warplanes in the airport and according to the international regulations it is impermissible to open fire at a civil airport serving civil interests.

He asserted: "We have plead for the International Organization of Aviation that belongs to the UN council to protest against the Israeli violations against the Palestinian Airport including the sabotage of its runway and the equipments of the tower."

On his turn the Japanese ambassador condemned Israel for what it has done to the Palestinian Airport and demanded it to pay all the expenses of its restoration since it is a registered airport in all of the international airports.

Abu Halib called upon the world's countries in general and the Japanese government in Particular to press the Israeli government to allow the Palestinian side to restore the Airport

## Orckit's Corrigent wins follow-on order from KDDI of Japan

**Corrigent** will supply CM-100 Packet ADM for the second phase of **KDDI's** packetbased metro network.

**Corrigent** has announced that its CM-100 Packet ADM (add drop multiplexer) has been selected by Japanese telecommunications company KDDI for the second phase deployment of its nationwide buildout of packet-based metro transport network in Japan. This is a follow-on to the original contract KDDI awarded Corrigent a year ago.

KDDI will use the 10Gbps Corrigent Packet ADM for its second phase build that consists of expanding its service areas further. The first phase deployment, announced last year and consists of over 1,000 units of the CM-100 packet ADM, is carrying commercial traffic.

Corrigent's packet ADM product line is designed to fuse together SONET/SDH technologies (such as Virtual Concatenation, GFP, and LCAS) with packet technologies (such as RPR, Ethernet and MPLS) to evolve today's SONET/SDH based transport infrastructure to the next generation packet-based transport network in the most cost-effective way, and in a manner that works together with carriers' traditional operational paradigms. It allows a carrier to differentiate between different services and allocate different transport resources to carry them out.

KDDI's packet-based metro networks are built to support new services such as **Metal-Plus** for IP -based telephony and **Hikari-Plus**, a complete voice, video and data triple-play offering, as well as KDDI's 3G cellular telephony services. Building an IP-oriented infrastructure to support Triple Play, VOIP and wireless services gives KDDI the competitive network required to maintain scalable growth in Japan's competitive telecommunications landscape.

**Seiichi Aruga**, Senior Manager, Head of Transmission Networks Planning Section, Optical Network Department Network Engineering Division of KDDI said, "We are pleased with Corrigent's ability to meet our aggressive rollout goals for the first phase of network buildout, and are confident that Corrigent will successfully support the continued rollout of the competitive network we designed," he added.

Corrigent CEO Ehud Rokach said, "KDDI is building one of the most advanced telecommunications networks in the world, and we are proud to take part in this endeavor."

## [Zend Extends International Reach; Signs Japan - Asia Pacific Distributors](#)

### **Zend opens Tokyo Subsidiary**

**Zend Technologies, Inc.**, the PHP company, and creator of products and services supporting the development, deployment and management of PHP-based applications, announced its extended reach into the Asia Pacific region with the signing of six distributors tasked with delivering Zend solutions to Japan, China, Hong Kong, and India. The six new distribution partners are responsible for sales and marketing activities in their regions and are authorized to sell Zend's Solutions, as well as provide support and other technical services to customers located throughout those geographical areas.

"The use of PHP as a key factor in enterprise development is exploding around the world," said Doron Gerstel, president and CEO for Zend. "As we extend our reach from North American and Europe, it becomes critical to establish regional representation to ensure the highest quality of service to our customers around the world. We are excited to welcome these new distributors to the Zend family."

Yoshiyuki Suzuki, president and CEO, manages Zend Japan - based in Tokyo, Zend Japan. **Zend Japan**, a subsidiary of **Open Source Japan, Ltd.**, drives all marketing, sales, and support efforts of Zend solutions in Japan, while also participating in localization efforts of Zend products.

### **About Zend Technologies, Inc.**

Zend Technologies, Inc., the PHP Company, is the leading provider of products and services for developing, deploying and managing business-critical PHP applications. Zend and its founders are the architects of PHP, which is used by more than fifteen million Web sites and has quickly become the most popular language for building dynamic web applications. Deployed at more than 8,000 companies world wide, the Zend family of products is a comprehensive platform for supporting the entire lifecycle of PHP applications. Zend, headquartered in Cupertino, California, is privately held and venture funded with investments from Azure, Index, Intel Capital, Platinum, SAP Ventures and Walden Israel.

## [Pegasus plans all-in-one digital pen IC for 1Q 2006](#)

Israel-based **Pegasus Technologies**, a provider of digital pen solutions, is aiming to begin manufacturing a new all-in-one IC for its handwriting input devices at the end of the first quarter of next year. The company has been cooperating with one of Taiwan's major IC foundries and is now hoping to expand its partnership with other Taiwan enterprises, CEO and co-founder of Pegasus Gideon Shenholz stated at Computex.

Pegasus is currently using two analog ICs and two digital signal processors (DSPs)



in its handwriting capture devices sold under the PC Notes Taker and Mobile NoteTaker brands, Shenholz explained. All four chips are designed by Pegasus and manufactured in Taiwan on a 180-nm process, he said. The new IC will incorporate functions of those four chips.

Apart from the partnership with a Taiwan-based foundry, Pegasus is seeking partners among Taiwan-based makers of handheld devices such as MP3 players and cell phones. According to Shenholz, some of these companies are now interested to integrate their products with Pegasus' handwriting capture technology. Unlike similar solutions from other companies, such as Sweden-based Anoto, the technology from Pegasus does not require patterned paper or special inks since it is based on the use of ultrasonic waves to register and save the movements of a pen. Powered by one lithium battery and equipped with an ultrasonic transmitter, the electronic pen can utilize standard-size ball-pen refills, according to the company. Paper should be attached to the base unit that includes two ultrasonic receivers continually measuring the position of the pen.

Selling PC Notes Taker and Mobile NoteTaker through its own channels, Pegasus also provides its technology to partners, such as Japan-based Seiko Epson, Pentel and Hitachi High-Technologies, who integrate the digital pen solution with their own developments. For example, Hitachi High-Technologies together with Taiwan-based Heisei developed their own solution to enable displays with handwriting input technology. The solution is a module that combines the base unit and a glass sheet (instead of paper). Attached to a monitor, the module enables handwriting input while software components provide character recognition and some other features. In the future, **Hitachi High-Technologies** sees handwriting input as an embedded function of standalone displays and notebook display panels.

## [StoreAge Installs High Availability for Higher Education](#)

### **Tamagawa Gakuen Lowers Cost and Complexity of Storage Using StoreAge Product Suite**

**StoreAge Networking Technologies**, the leading provider of split-path SAN storage management and advanced multi-tiered, data protection solutions, announced that it has completed a high-end installation at the **Tamagawa campus in Tokyo**, Japan with its partner, **Computer Dynamics**. The size and scope of the installation covers multiple terabytes of data storage across the various departments located within the five buildings of the K-12 school IT infrastructures

Tamagawa uses StoreAge products to create a heterogeneous pool of storage devices shared by the various buildings and student groups. By using the **StoreAge SVM**, storage can be centrally managed and dynamically allocated to individual institutions and applications, cutting administration cost dramatically. The use of virtualized, heterogeneous storage enables the school system to purchase the most cost-effective storage arrays to grow its network.

The school system is also using StoreAge's advanced multiCopy and multiMirror

disaster recovery features and business continuity products to protect mission-critical administrative and student data.

The Tamagawa Gakuen system includes over 9,000 students and parents, and has deployed a unique Children Home and Teacher Network, allowing the system to link children, their homes and teachers in one seamless network.

"The benefits of having StoreAge solutions for our network is a matter of cost-savings, central management and the ability to grow our storage system more easily," said Junji Hari, IT administrator for Tamagawa Gakuen.

Dani Naor, vice president of business development at StoreAge, added: "This installation demonstrates how SVM can bring significant cost savings and simplify the storage management for academic organizations. We are very proud to have this large campus select SVM for their storage management."

**StoreAge Networking Technologies** is the leading provider of split-path storage management solutions that centralize and simplify storage network administration. StoreAge network-based solutions provide a uniform, SAN-wide method for provisioning storage, ensuring business continuity, enabling cost-effective disaster recovery, and centrally managing cross-platform, multi-vendor storage environments. StoreAge's award-winning product, SVM(TM) (Storage Virtualization Manager), has been successfully deployed worldwide, gaining exceptional success in managing storage in a wide variety of application environments including databases, OLTP, email, ERP, CRM, video, and many others. StoreAge offers worldwide sales, support, and service, with principal offices in Irvine, CA and Nesher, Israel.

## [Mobile Monday at KDDI's Designing Studio Tokyo](#)

The "Mobile Monday" June 27 event saw an enthusiastic, standing -room-only crowd turn out to network and watch presentations from mobile industry insiders at KDDI's Designing Studio showroom in central Tokyo. The evening set a record for attendance at the year-old Mobile Monday Tokyo event series.

Organizers estimated more than 200 people squeezed into KDDI's ultra trendy showroom to hear presentations from managers at Warner Music Japan, Be4 Ltd. and GMAP KK on topics related to mobile music strategy, audio technology for portable devices and the use of bar codes to deliver maps and personal *meishi* (business card) information to cell phones.

Danny Lewin and Giora Naveh from Rehovot, **Israel-based Be4 (<http://www.mpulsezone.com>)**, covered their company's MPulseZone audio technology designed to deliver 3-D MIDI, immersive 3D and sound optimization to mobile phones and portable devices, greatly enhancing the mobile experience for gamers, music lovers and ring-tone fans. Interestingly, the two were in Tokyo for a Symbian conference, one of the first ever to be held in Japan.

## JULY

### Increase in Japan's Polished Imports

Japan's polished imports reached \$101.4 million in May representing an 11.7 percent increase from May 2004, according to figures released by Japan's Jewelry Trade Center. For the five month period ending May 31, 2005, Japan's polished imports reached \$491 million, an increase of 3.9 percent on the corresponding period in 2004. For the five month period ending May 30, 2005, India, Belgium, and Israel were the top exporters of polished diamonds to Japan, contributing 44 percent, 23 percent, and 15 percent respectively of Japan's total polished imports.

The price per carat of Japan's polished imports rose eight percent to \$445 for the five month period ending May 30, 2005, compared with \$413 in the corresponding period in 2004.

### Retalix forms sales alliance with Fujitsu Korea

**Fujitsu Korea is owned by Fujitsu Japan and is a leading IT solution provider in South Korea**

**Retalix** announced that it has entered into an alliance with **Fujitsu Korea Limited (FKL)**, to market and support Retalix's StoreLine, StorePoint, PocketOffice, Fuel, Headquarters and DemandAnalytix products in South Korea.

Fujitsu Korea Limited, owned by Fujitsu in Japan, is a leading IT solution provider in South Korea.

As part of the agreement, Fujitsu Korea has established a retail sales team focusing on enterprise accounts, and several retail chains are currently evaluating Retalix solutions.

Retalix EVP International Business Division Yoni Stutzen said, "For over 20 years Retalix and Fujitsu have had a solid relationship in the US. Now, the formation of a partnership in Korea will provide both companies the opportunity to capture a significant share of the grocery and convenience store market in this growing economy. Our success implementing solutions in multi-lingual retail organizations, including Asian languages, provides a strategic advantage over local and foreign software vendors."

Established in 1974, FKL has annual revenue of over \$300 million. FKL provides both hardware (from servers and storage to POS terminals and PDAs), as well as business software and e-business solutions. FKL's customers include many of Korea's leading retail chains.



## Japanese technology organization to help Israeli start-ups penetrate Japan

Although Israel's high-tech exports to Japan grew more than 50% in 2004, Israeli start-ups are finding it difficult to penetrate the Japanese market. Embassy of Israel in Tokyo Minister for Economic Affairs Noah Shani says that Japanese experts are now willing to lend a hand.

The **Mobile Computing Promotion Consortium**, a Japanese technology organization, will help companies adapt their technology to the Japanese market, and will introduce them to Japanese companies. Founded eight years ago, the MCPC has 115 member companies in information technology and communications. A committee of seven representatives of well-known Japanese companies will provide advice about possible uses of proposed technologies, and will serve as a link to relevant companies. These representatives will meet once a month, and representatives of the Israeli embassy in Japan will take part in the committee's discussions.

The objective of this consortium is to shape and expand a full-scale and sound mobile computing system market. To achieve this, cooperation is required of interests related to communication(network),computer hardware/software, system integrators(including service providers),and the media.

They must facilitate research and implement measures for technical and operational issues, promote joint research and development, establish de-facto standards, and promote dissemination to implement and evolve a more advanced, efficient, and economic mobile computing system. Accordingly, the consortium will cooperate internationally with interested organizations, contribute to the evolution and expansion of the information society,and play a leading role in mobile computing system efforts worldwide, especially in Asia.MCPC also have excellent relation with PCCA in US.

### **Activities**

1. Conduct research and execute measures on mobile computing system technical and operational issues(including the establishment of de-facto standards).
  2. Endeavor to shape and expand the mobile computing systems market.
  3. Improve inter connectivity, and establish and acknowledge mobile computing system standards.
  4. Contribute to the institution of a multimedia-communications infrastructure that uses mobile computing.
  5. Exchange information with other global organizations related to mobile systems.
- Shani said that the Israel Export and International Cooperation Institute would promote the plan in Israel, and make an initial selection of companies according to criteria set by the Japanese.

He added that difficulties in penetrating the Japanese market were due to the high cost of finding parties interested in technology, and to language and business culture limitations. According to Shani, the committee is designed to provide access to the market, where Israeli technology is valued highly.

## AUGUST

### Israel and Japan conduct political dialogue

The dialogue, which dealt with Israeli-Japanese bilateral relations, reflected the continuing improvement in relations between the two countries.

The Japanese Director General for the Middle East and Africa, **Motohide Yoshikawa**, met with the Director General of the Ministry of Foreign Affairs, **Ron Prozor**, for the purpose of holding a political dialogue.

The dialogue, which dealt with Israeli-Japanese bilateral relations on the whole, reflected the continuing improvement in relations between the two countries, including reciprocal visits of senior officials - such as the visit to Israel of Japan's Foreign Minister, at the beginning of May, and the visit to Japan in April of Israel's Minister of Industry, Trade and Labor. The Directors General discussed plans to broaden cooperation and expand cultural ties.

### Wisair Completes Second Fund Raising In Japan

Ultra Wideband (UWB) and Wireless USB solutions leader **Wisair**, completed a second round of Serried B Private equity fund raising.

After initiating in January of 2005 a Private Equity Fund , raising under the leadership of **NIF**, it has now completed the second phase with a direct investment of \$1 million from **MURATA CO**.

The overall amount raised was \$5.8 Million, we were informed that **NTT Leasing** also participated in this round, becoming the second NTT group company to invest in Wisair.

#### **About Wisair**

Wisair is a leading provider of Ultra Wide Band (UWB) chipset solutions based on the Certified Wireless USB specification for consumer electronics, mobile devices, and PC peripherals. Combining its wireless communication and radio frequency expertise, Wisair is a promoter member of the WiMedia Alliance and an active participant in the IEEE standardization process and the Wireless USB Promoter Group.

A well-funded company, Wisair investors includes **Intel Capital, NTT, NIFVentures, Apax, Vertex, RAD Group and Tamar Ventures**. Wisair is headquartered in Israel, with offices in the US, Japan, Korea and Taiwan.

## YCD signs \$2m deal with Toyota GB

**YCD Multimedia** provides centrally controlled digital music systems for customers to create atmosphere.

YCD Multimedia Ltd. announced that it had signed a cooperation agreement with Toyota GB. Under the agreement, YCD will supply music and multimedia software to 250 Toyota agencies across the UK. The deal is worth an estimated \$2 million.

YCD provides centrally-controlled digital music systems for customers to create atmosphere (audio-visual). Fashion chain Giorgio Armani has already installed the system in its Italian stores.

YCD developed its system specially for pubs, restaurants, cafes, shops, hotels, showrooms, retail chains, health clubs, and other businesses. The system provides a simple combination of content and advertising messages. The multi-channel system manages and plays digital music and ads, on up to 20 channels simultaneously.

CEO Noam Levavi and Danny Zeevi founded YCD in 1999, as a company specializing in the development of video music solutions for the business sector. The company has hundreds of Israeli and foreign customers, including the Hilton Hotels (NYSE:HLT; HLN), Marriott International (NYSE: MAR), Sheraton Holding Corporation, IKEA, health clubs Holmes Place Plc and Shape.

## Israeli Firm To Sell Anti-Spyware Software In Japan

**Aladdin Knowledge Systems Ltd.**, an Israeli information security firm, will begin marketing a system in Japan that provides gateway protection from spyware.

The system is also designed to block 95% of junk e-mail and 70% of unknown viruses at the gateway.

The company will sell eSafe 5 in the CD-ROM format, providing the Linux operating system and protection software. The CD-ROM can be read by a personal computer, PC server or similar.

The product is geared toward spyware, guarding against intrusion at the gateway, which is the boarder between the Internet and a LAN (local area network). It will also block outbound spyware communications and prevent the installation of other spyware.

Aladdin Knowledge Systems will sell the software through its Japanese arm. The core eSafe 5 will cost 546,000 yen annually for 100 users, and the company anticipates sales of 300 million yen one year after its release.

## Altech ADS Software Allows Quick Access To Legal Provisions

**Altech ADS Co.** will soon offer a software solution that will enable users to quickly access the full text of a legal provision by clicking on the name of the provision as it appears on a Web site or a particular document.

The software, to be made available around mid-August, also includes functions that will make it easier to search for other laws related to the displayed provision.

Altech ADS, an information system provider, will sell the software to law firms, corporate legal departments, public institutions and others. With the software, a user clicks on the name of a provision that is included in a document displayed on a personal computer. The entire text of the provision is then instantly displayed in a separate window.

The solution is based on dictionary software developed by Israeli software developer Babylon Ltd. The legal database included in the software will be updated four times a year.

The usage fee is set at 21,000 yen for the first year and 12,000 yen from the second year onward.

**Babylon billing system in Japan was engineered, arranged and accomplished by Harel-Hertz.**

## Secom Techno Service Choose Magic's iBOLT for Service Oriented Architecture

### **First Comprehensive iBOLT implementation in Japan**

**Magic Software Enterprise** a leader in composite application development and deployment platforms, announced that Secom Techno Service, a Japanese leader in the Security system construction management solutions field, has chosen Magic's iBOLT Integration Suite to enhance its Service Oriented Architecture (SOA). The iBOLT Integration Suite (known as jBOLT in Japan), is an EAI/BPM platform with comprehensive system integration features. Following an initial test period of two months, iBOLT has begun full operations at Secom Techno Service. This is the first comprehensive iBOLT implementation in Japan.

Secom Techno Service, long-time users of Magic's solutions and products throughout their organization, has implemented Magic's iBOLT for their system integration and SOA development. Additionally, Secom is looking to expand the system to allow remote order processing via cellular phones.

"Since we deployed iBOLT, the batch processing has become steady, and the efficiency of our operations has improved," Mr. Koji Iwasawa, Assistant Manager, Planning Department, Secom Techno Service Co., Ltd stated.

The Secom Techno Service system combined with Magic's iBOLT strengthens and enhances the functionality of Secom's existing construction management system.

"With the adoption of iBOLT, Secom can pursue the implementation of its Service

Oriented Architecture," stated Mr. Hideoki Nakamura, President of Magic Software Japan. "We believe that this flagship Japanese iBOLT deal will insure our SOA leadership in the Japanese Market."

#### **About Magic Software Japan**

Magic Software Japan, which was established in 1998 and began operations in 1999, has built a solid reputation and strong presence in the Japanese market, where it currently controls approximately 20% of the application development technology segment. Currently, more than 24,000 corporations are using Magic's products across Japan.

### **JA Ishikawa Awards Sapiens License and Maintenance for \$500,000**

**Sapiens International Corporation N.V.** announced that **JA Ishikawa Computer Center** has signed a 60 million Yen (approximately \$500,000) license and maintenance agreement with Sapiens Japan.

JA Ishikawa has been a **Fujitsu mainframe** user for 25 years, but has decided to replace its system and migrate to IBM iSeries by the end of 2006, in order to rebuild its system with **Sapiens eMerge(TM)**.

Because of mandatory retirement, many individuals leading Japan's economy will retire in 2007, or soon thereafter. This is expected to cause difficulties in passing accumulated know-how down to younger generations. Similarly, in IT departments, application developers from the mainframe era will retire with the remaining individuals lacking full understanding of the complete system. It is believed that system rebuilding by staff of all generations is crucial to prepare for the near future. Many of the 47 prefectures in Japan has a JA, a Japan Agricultural Cooperative. Japan Agricultural Cooperatives has been promoting a nationwide revolution in utilization of its system. JA Ishikawa is the fourth JA to introduce Sapiens, after JA Kumamoto, JA Chiba and JA Nagano.

In an interview with the Japanese magazine, Computer Report, Managing Director Yoshikazu Akamaru, and Mikio Ohyama, Consultant, of JA Ishikawa Computer Center described their decision to use Sapiens eMerge(TM). "Using package software or outsourcing would not ensure flexibility to meet drastic changes in the JA business environment. From our observations of other JAs, we learned that outsourcing is very expensive both in development and operation, and that developing new systems with eMerge(TM) is more cost efficient than customizing existing software packages. Introduction of eMerge(TM) will be the best way to reduce TCO (Total Cost of Ownership) by efficiently utilizing our expertise and Sapiens' developed business knowledge, to overcome the year 2007 issue." Manabu Okada, President, Sapiens Japan's, commented, "JA Ishikawa made a decision to introduce eMerge(TM) a few months after our presentation in February. We hope their move will have an impact on other JA prefectural organizations. Sapiens Japan is committed to giving full support to rebuild JA's system that is currently running on a Fujitsu mainframe and will make this project a success."

## M-Systems Expands Distribution Network in Japan with Hakuto Co. Ltd.; Additional Distributor will Facilitate Penetration of DiskOnChip(R) into Mobile Phone, Multimedia and Amusement Markets

**M-Systems** announced that the Company has added **Hakuto Co., Ltd.** as a distributor in Japan for **DiskOnChip(R)** products.

"We believe that Hakuto, with their product portfolio and mobile phone and amusement customer base, will open additional market opportunities for M-Systems," said **Yuzo Tsukui, president of M-Systems Japan**. "Their appointment as a distributor will enhance our penetration into mobile phone, multimedia and amusement markets for applications like mobile phones, IP telephones and gaming machines. Hakuto is an excellent addition to our distribution network."

"Hakuto offers a full line of semiconductor products specifically tailored to multimedia applications and M-Systems' DiskOnChip embedded flash drives will complement our product portfolio very well," said **Ryusaburo Sugimoto**, director and vice president, **Semiconductor Device Division of Hakuto**. "By working with M-Systems, we are excited to provide highly reliable and high capacity DiskOnChip solutions to our customers in the growing multimedia and amusement industries."

The DiskOnChip family of products provides reliable and fast non-volatile memory (NVM) to store data and code locally. DiskOnChip products are available in a wide range of capacities, form factors, and bus interfaces, targeting various applications in the embedded and mobile markets. Based on leading-edge NAND flash technology, an ultra-thin controller and the most advanced flash management software, DiskOnChip provides an optimized NVM solution with an ideal cost structure. In addition to Hakuto Co. Ltd., **Macnica, Inc.** and **Micro Summit K.K.** currently distribute M-Systems' DiskOnChip products in Japan. **Fast Flash Disk (FFD(R))** products are distributed in Japan by **Yamada Corporation, Tsuzuki Densan Co. and Macnica, Inc.**

### **About Hakuto**

Founded in 1953, Hakuto Co., Ltd. is headquartered in Tokyo, Japan. The company distributes electronic products, provides technical services and manufactures industrial chemicals. Hakuto has 539 employees and annual sales of 84,305 million YEN (FY2004).

### **About M-Systems**

M-Systems develops, manufactures and markets innovative flash-based data storage solutions for consumer electronics and embedded markets. The Company targets the fast growing multimedia mobile handset market with its DiskOnChip(R) and MegaSIM(TM) solutions and the popular USB flash drive market with its **DiskOnKey(R) product**.



## Sanyo Licenses Ixi-Connect Os™ Software For New Mobile Email Device

**IXI Mobile, Inc.**, developer of mass market messaging devices and feature phone operating system software, announced that it licensed its feature phone **Operating System, Ixi-Connect OS**, to **SANYO** and its **Wi Mobile Technologies Group** for a range of new mobile devices called **WiPOQ**. The first device, released in Q2 2005, is a sleek multimedia messenger with a built-in Java browser, large screen, QWERTY keyboard, and easy to use interface.

SANYO has selected Ixi-Connect OS, designed specifically for feature phones and data-centric mobile devices, as its device operating system. Using Ixi-Connect OS, SANYO is able to develop a robust messaging solution, reduce development complexity and bring devices to market rapidly. Ixi-Connect OS also features PMG® (Personal Mobile Gateway) technology, which allows a mobile phone or data-centric device to wirelessly Internet-enable a variety of application-specific companion devices such as watches, cameras, and MP3 players.

**Okikuni Aoyagi**, Manager, Sanyo Sales and Marketing Corporation, and the program's director at SANYO said: "Ixi-Connect OS is the first operating system that directly targets the feature phone market. Utilizing this software solution, we are able to create attractive mobile devices quickly and easily that meet our customers' needs." He added that "Ixi-Connect OS allows us to deliver innovative wireless products, leveraging the WiPOQ and SANYO brands, further expanding our product offering."

"SANYO is a leader in the consumer devices market, and we are delighted they are licensing Ixi-Connect OS," said Amit Haller, CEO, **IXI Mobile**. "This announcement shows that SANYO believes in the value of a feature specific OS, and we are looking forward to working closely with them on WiPOQ and future products."

### **About Ixi Mobile**

IXI Mobile, Inc. develops a feature phone operating system as well as messaging devices for the mass market. Ixi's Operating System, Ixi-Connect OS™, is a robust, customizable, and upgradeable solution, and includes PMG® technology. PMG (Personal Mobile Gateway) technology allows a mobile phone or data-centric device to wirelessly Internet-enable a variety of companion devices such as messaging devices, watches, cameras, and MP3 players. Ixi's customers include mobile operators and service providers, as well as device manufacturers. Ixi is a member of OMTP, the Open Mobile Terminal Platform group. Ixi was founded in 2000 and is headquartered in Redwood City, California. Ixi is privately held and backed by leading venture investors, as well as Intel and Texas Instruments.

### **About PMG**

Personal Mobile Gateway technology (PMG®) combines cellular (e.g. GSM/GPRS, CDMA, etc.) and short distance wireless (e.g. Bluetooth or other technologies like WiFi), with micro-router and micro-server functionalities. It is the point of connection



between the wireless network and a new category of affordable and best-of-breed mobile devices for consumers (PMG Companions). The PMG enables a new set of innovative, optimized PMG Companion devices (e.g. messaging terminals, watches, cameras and MP3 players) that deliver a superior user experience, while still focused on fashion and budget. These devices cost less to manufacture, can be brought to market much faster than ordinary mobile phones or smartphones, and generate greater data usage. The PMG also seamlessly connects existing legacy terminals (e.g. PDAs, laptops) with no additional client software needed.

### **About SANYO and Wi Mobile Technologies Group**

SANYO, based in Osaka Japan, is a leader in wireless and portable telecommunications products. For WiPOQ, SANYO created a separate design and marketing entity called the Wi Mobile Technologies Group and assembled an international team of experts in wireless product design and marketing. US-based COMSCIENCES provided the conceptual design as well as marketing and sales direction. Its product design studio in London, well versed in European tastes – took the lead. Technical development was coordinated from Sanyo Technology Center USA in San Jose California drawing on a wide range of expertise in the US, Europe and Japan. The ultra-modern Sanyo factory in Shimane Japan rounds out the team providing manufacturing and final assembly.

### **StoreAge Provides Japanese IT Leader with Enhanced Storage Services and Data Protection**

#### **ITOCHU TECHNO-SCIENCE Corporation (CTC) Lowers Administration Costs and Protects Critical Data with StoreAge SVM**

**StoreAge Networking Technologies**, the leading provider of split-path **SAN storage** management and advanced multi-tiered, data protection solutions, announced that it has completed a high-end installation at **ITOCHU TECHNOSCIENCE Corporation (CTC)** in Tokyo, Japan with its partner, **Computer Dynamics**. The installation covers over 12 terabytes of data storage across two sites. **CTC** is a Japanese leader in IT consultation, integration, administration, maintenance, support, training and outsourcing. The CTC Group has over 3000 employees, with sales of 226.7 Billion Yen in 2004 (\$2.1 Billion as of August 23, 2005). The company needs its data available 7x24x365, with the ability to instantly recover information in the event of system failure. CTC therefore looked for a storage management and data protection solution that would answer these requirements, and selected the StoreAge SVM(TM) after examining alternative solutions, as the best match.

CTC's SAN is comprised of two sites - the main site holds 12 terabytes of storage on Hitachi's SANRISE(TM) systems, with Microsoft® Cluster Service, connected by Brocade SilkWorm® 3800 switches. **The StoreAge SVM's** multi-vendor support

allowed CTC to achieve major cost savings, by enabling the use of lower-cost storage for CTC's backup site, now consisting of 12 terabytes on Serial ATA (SATA) RAID systems. CTC is using StoreAge's Asynchronous multiMirror to mirror data from the main site to the backup site.

In order to improve its backup capabilities, CTC also purchased multiView, StoreAge's snapshot copy application, to instantly create low-capacity snapshots of SAN data, enabling LAN-free, server-less backup, and leaving production servers uninvolved in the data replication process.

**Masahiro Kobayashi**, deputy general manager, Information systems department at CTC, said: "We realized that the StoreAge SVM was the answer to our demanding environment, enabling us to recover not only the volume but also the file system, without depending on the storage vendor in the case of troubles. We are very satisfied with the TCO reduction achieved using StoreAge's solution. We believe that using multiView will significantly reduce our backup time."

**Hiro Sakamoto**, president of **Computer Dynamics Corporation**, added: "The successful installation at CTC was enabled by our strong cooperation with StoreAge. Many market leaders in Japan have already opted for StoreAge's advanced storage management and data protection solution suite."

**Dani Naor**, vice president of business development at StoreAge, noted: "We are very happy to have CTC, a market leader in Japan, select our solutions for improving their storage management and data protection facilities. We continue to work closely with Computer Dynamics Corporation, our valuable partner, to offer Japanese customers significant cost savings and effective storage managements."

### **About StoreAge Networking Technologies**

StoreAge Networking Technologies is the leading provider of split-path storage management solutions that centralize and simplify storage network administration. StoreAge network-based solutions provide a uniform, SAN-wide method for provisioning storage, ensuring business continuity, enabling cost-effective disaster recovery, and centrally managing cross-platform, multi-vendor storage environments. StoreAge's award-winning product, SVM(TM) (Storage Virtualization Manager), has been successfully deployed worldwide, gaining exceptional success in managing storage in a wide variety of application environments including databases, OLTP, email, ERP, CRM, video, and many others. StoreAge offers worldwide sales, support, and service, with principal offices in Irvine, CA and Nesher, Israel.

### **About Computer Dynamics Corporation**

Computer Dynamics is a leading storage solution provider in Japan. The company delivers innovative and cost-effective storage solutions by integrating its own brand FC RAIDs, FC switches and tape libraries with StoreAge's SVM. For over 21 years, Computer Dynamics has been providing cutting-edge storage and storage networking products to many industry sectors, including education, government, broadcasting, manufacturing, finance, gas & oil, imaging and many others. Computer Dynamics offers domestic sales and support, with headquarters in Tokyo, Japan.

## SEPTEMBER

### Industrial exports to Japan up 9% in first half

Industrial exports, excluding diamonds, to Japan totaled \$281 million in first half. Industrial exports, excluding diamonds, to Japan will grow by 7% this year to \$643 million, after 23 more Israeli companies began operating in Japan, according to the Israel Export and International Cooperation Institute.

Industrial exports, excluding diamonds, to Japan rose by 9% in the first half of 2005, compared with the first half of 2004, to \$281 million. **The number of Israeli companies operating in Japan rose by 2.5% to 966.**

The Export Institute says that the Japanese market has great potential for high-tech, industrial and consumer products unexploited by Israeli exporters.

### Investigators launching probe into Japan boat crash

SAPPORO, Japan - Investigators began probing into a maritime collision between an Israeli cargo ship and a Japanese fishing boat, which killed seven fishermen, Israel Radio reported.

A representative of the Israeli port authorities will join officials from the Japanese transport ministry to hear the testimony of the ship's crewmembers.

A week after the collision in which seven Japanese fishermen lost their lives, apparently after being hit by the ship near Japan's Hokkaido Island, the story was still hitting the local headlines.

The Japanese media gave wide coverage to a Haaretz story according to which the captain of the Zim Asia was not awakened by the crew when the Israeli vessel apparently hit the small fishing boat. The Japanese are now demanding to know whether this was a hit-and-run accident.

The management of Zim Israel Navigation has been put in an unfavorable light after declaring on Saturday that the Israeli vessel had not been involved in the crash and then on Monday admitting that it was the Zim Asia that collided with the fishing boat. Even then, Zim management did not admit all the facts.

After a meeting with the **Japanese ambassador to Israel, Jun Yokota**, Zim's owner, Idan Ofer, said that the captain had been unaware of the collision.. It was only on the following day that these facts were published.

Zim president Doron Goder announced in Japan that after the conclusion of an internal investigation, the shipping firm will open negotiations on compensation with the families of the seven fishermen who died in the crash, regardless of the outcome of the Japanese probe. Zim, which has been operating in Japan for decades and has seven agencies there, understands the economic implications of the affair and has hired a Japanese public relations firm.

**The firm's decision to order the captain to return home, as well as Goder's apology, are seen in Japan as steps in the right direction.**

Goder was due to meet on with the governor of Hokkaido, Japan's northern island, where the fishing boat is based. He was then to meet with the bereaved families and offer apologies.

The chairman of the Israel-Japan Friendship Society, **MK Ehud Rassabi**, blasted Zim's role in the affair. Its initial denial of any involvement, without checking the facts, Rassabi said, damaged Israel's diplomatic standing and reputation in Japan. Rassabi spoke with Japan's ambassador to Israel and conveyed the Knesset's condolences to the victims' families.

An official at the Israeli Embassy in Tokyo said that Japanese families accept death more easily if those responsible come to apologize to them. "The most important point in the eyes of the Japanese is an apology from the depths of the heart," the official said. "A father who has lost his son says: 'I told my son that soon the director will come and apologize to him.' This is a great help to them."

The most important newspaper in Hokkaido, **Hokkaido Shinbun**, said that Zim was behaving correctly, especially when compared to other shipping lines that have caused maritime accidents in the past. The paper wrote that it is easy to avoid responsibility under international maritime law but that Zim has assumed full responsibility for the collision.

The next step is the Israeli Transportation Ministry investigation. In Japan, they expect criminal charges to be brought against those responsible.

The Hokkaido Shinbun correspondent who is covering the story pointed out, however, that if the investigation reveals that the crew of the Zim Asia knew they had caused the fishing vessel to capsize and then fled from the scene of the accident, "the negative feelings against Zim will resurface again."

The Transportation Ministry has meanwhile sent its own investigator to Hong Kong, where the Zim Asia was due to dock during the Rosh Hashanah holiday.

## [Fujitsu To Launch Y10bn Technology Venture Fund](#)

**Fujitsu Ltd.** plans to establish a fund through which it will invest about 10 billion yen in technology startups over four to five years, The Nihon Keizai Shimbun learned on September 29<sup>th</sup>.

A new company will be set up in the near future for managing the fund. By tapping the recipients' technology and expertise, Fujitsu plans to forge new business areas and bolster product development.

The fund will invest in domestic startups and overseas firms based in such places as the **U.S. Silicon Valley and Israel**. Investments will focus on core Fujitsu segments, including data processing, communications and Internet-related operations, as well as biotechnology and content-oriented services.

Details on the fund company have not been finalized, but it is expected to receive financing from other firms. Proceeds from two Fujitsu programs for nurturing startups and spinoffs will also be allocated toward the fund. While it will seek to turn a profit, the main objective is to gain access to new technology and expertise. With an eye



toward longer-term growth, Fujitsu will oversee the selection of the target companies. **Harel-Hertz Investments House serves as Fujitsu Group Technology scouting center in Israel and has initiated the first investment of the fund – soon to be closed and published.**

### [Cellcom to Launch DoCoMo's i-mode Service in Israel](#)

**NTT DoCoMo** reported on 6<sup>th</sup> September that **Cellcom Israel, Ltd.** announced that they started marketing **DoCoMo's i-mode(R)** service in the Israeli market on the same day.

The service, which is offered over Cellcom's GPRS network, marks the eleventh market for i-mode, following Japan, Germany, the Netherlands, Taiwan, Belgium, France, Spain, Italy, Greece and Australia.

Cellcom is Israel's leading mobile operator, both in terms of subscribers and profitability. DoCoMo concluded an agreement in November 2004 to provide Cellcom with know-how, technologies and patents necessary to launch the i-mode service. DoCoMo sees great potential for i-mode growth in Israel, with its national population of approximately 7 million people.

### [Axerra and NTT-AT sign distribution deal](#)

Tel Aviv-based Pseudo-wire startup **Axerra Networks**, which provides circuit emulation and service emulation solutions over packet access networks, signed a strategic distribution agreement with Japanese communications provider **NTT Advanced Technology Corporation**.

"We expect to generate between \$10 million and \$20m. from the agreement over the next two years. The agreement with NTT-AT signals an important expansion of international operations for Axerra Networks," Gil Biran, CEO and founder of Axerra Networks, told The Jerusalem Post.

Under the terms of the agreement, NTT-AT will distribute Axerra Networks' family of AXN Pseudo-Wire Gateways and Access Devices (TM) to wireline and wireless service providers throughout Japan. The Axerra Pseudo-wire solution enables backhaul for all generations of both voice and data traffic over a single packetbased radio access network (RAN).

"Axerra's Pseudo-wire solutions were a natural choice to leverage the routers and other packet products in our line-up to enable both emerging and legacy voice and data services. We're pleased to partner with Axerra to bring the benefits of Pseudowire solutions to the Japanese market," said Shuji Arima, senior vice president and senior executive manager in NTT-AT's Communication Systems Business Headquarters.

Established in November 2000, with head offices in Tel Aviv and Boca Raton,



Florida, Axerra Networks solutions enable mobile wireless operators, cable operators, competitive access providers and incumbent carriers to extend IP solutions plus legacy data and voice services in native format over Ethernet, IP and MPLS networks.

"Pseudo-wire solutions reduce total operating costs and increase revenue opportunities while at the same time they provide benefits by eliminating the need for parallel networks," said Biran.

NTT-AT, founded in 1976 as a subsidiary of NTT, the largest telecommunications service provider in Japan, offers advanced technology solutions in information and communications to enterprises around the world.

Very recently, Axerra Networks announced the completion of a \$16.25m. private financing round.

The round was led by Carmel Ventures and included participation from existing investors TLcom Capital Partners, HarbourVest, and the Zisapel brothers.

The round brings total investments in Axerra to \$45m.

Axerra announced a \$10m agreement with global telecom giant Ericsson at the beginning of the year.

## Mitsui To Market Advanced Israeli Surveillance System

**Mitsui & Co.** has obtained exclusive rights to import and sell an advanced surveillance system developed by an Israeli firm.

The system, known as **TotalTrack**, can identify suspicious people and trail them with multiple cameras. It can also detect suspicious parcels that have been abandoned. The developer, **ioImage Ltd.**, reports that the Israeli military uses this technology to police its bases.

Mitsui will sell TotalTrack to security companies and other businesses through its wholly owned subsidiary, Mitsui Bussan Aerospace Co. Mitsui believes the system will have a wide range of applications, including protecting agricultural products and providing security at airports and railways.

Existing systems have been unable to distinguish between, for example, a nearby insect and a distant human. TotalTrack, however, can make this distinction. It can identify a person at night or in the rain and can also pick out someone that is slowly advancing in a crawl. When the system detects a suspicious person, it surrounds the figure in a square frame and follows his or her movements.

The system can also detect a parcel that has remained in the same location for a period of time and, conversely, can detect the absence of an item that should be in a certain area. In both cases, the system can be configured to sound an alarm.

The unit is installed between surveillance cameras and monitoring equipment. Each system unit will sell for 700,000 yen, with other required software priced at 900,000 yen.

## Japan to give Palestinians \$50 million to improve infrastructure

Japan will give Palestinians a \$49.7 million grant to help improve infrastructure in the Gaza Strip and northern West Bank following the completion of Israel's evacuation of settlers from the areas, the Japanese government said.

The sum will be the first disbursement of the \$100 million in economic aid to the Palestinians that Prime Minister Junichiro Koizumi pledged during a meeting with Palestinian President Mahmoud Abbas in Tokyo in May.

A source in Japan's foreign ministry said the grant was an "emergency grant and aid after Israel's pullout from the Gaza Strip and parts of the northern West Bank."

The gift is believed to be in gratitude for the PA holding fire during the pullout.

According to the announcement, the goal of the aid includes building infrastructure and industry in the Palestinian areas.

The Japanese stressed the money would be transferred to Palestinian international organizations such as the United Nation's Relief and Works Agency (UNRWA).

### **Half of pledge**

The sum is roughly half of a USD 100 million pledge made by Japanese Prime Minister Junichiro Koizumi to Palestinian Chairman Mahmoud Abbas during a visit by the latter to Tokyo in May.

Koizumi said his country would remain neutral in the Israel- Palestinian conflict, and said his country's only goal was to further the cause of peace.

But despite the celebrations, the Japanese have placed conditions on the gift, and Palestinians say they do not know if they will be getting one "check" from Japan, or an ongoing aid package that will continue on an ongoing basis.

## Kamada announces negotiations to sell transferrin to a Japanese firm

Rehovot-based biotechnology company **Kamada** announced negotiations to sell transferrin protein to a **Japanese company**, which is in advanced stages of clinically testing a cancer therapy.

Kamada, the first biotechnology company to float on the Tel Aviv Stock Exchange, says the Japanese firm – which it did not name – is negotiating with the United States Food and Drug Administration over the clinical trials of its therapy.

The Israeli firm also said that a delegation from the Japanese company visited Israel last week, to see the Kamada production facility and to advance the talks.

Transferrin is a protein found in the blood serum. It transports iron in the blood to and from cells.

Kamada manager David Tsur commented that the company is in advance stages of adapting the production process of transferrin for use in humans and in drugs made by other companies.

Established in 1990, Kamada has 115 employees and annual sales of about \$10 million, of its own products developed in-house, and of products made by



multinationals that it represents in Israel. It raised NIS 30 million in its initial public offering, at which it offered stock and options.

In 2004 it netted NIS 7 million and in the first quarter of 2005, it achieved a huge NIS 6 million net profit, thanks in large part to one-time income from terminating an agreement with the U.S. Red Cross.

Kamada announced its first order for transferrin, from a European company. The order is worth about a million shekels.

### Israel-PA-Japan olive oil venture gets underway

A joint Israeli-Palestinian-Japanese venture for exporting olive oil, backed by the **Japanese Agency for International Cooperation (JAICA)** and **Stef Wertheimer's Industrial Entrepreneurial Course** was launched.

20 Israeli and 20 Palestinian owners of oil presses and olive oil production facilities are participating in the venture. The venture got underway only after the Palestinians obtained entry permits to Israel. The parties plan to set up a joint company for the production and export of olive oil to Japan and other countries.

The first stage of the venture will be a course at Tuval in the Galilee led by experts from Israel, the Palestinian Authority and Italy. The participants will tour oil presses in local villages, participate in joint workshops, and attend lectures on cooperation in the Middle East by Wertheimer, Prof. Hisham Awartani of Al-Najah University in Nablus, and Japanese Embassy representatives.

The program director, Oded Salmon, is a graduate of Wertheimer's entrepreneurship course. He said the joint venture's goal was to create olive oil production and export channels in both Israel and the Palestinian Authority under a joint brand. A second goal is to improve the professionalism of regional olive oil production, thereby raising farming income.

Salmon said until 15 years ago, olive oil was never used in Japan, but growing awareness of health food is boosting its use.

The olive harvest is now underway in Israel, and the sector is considered one of the most important in agriculture. Israel has 220,000 dunam (55,000 acres) of olive groves, producing an average harvest of 6,000 tons a year. Israel produced 10,000 tons of olive oil last year, but this year's harvest is expected to be smaller. Olive oil consumption in Israel has been rising by 6% a year in recent years, after rising 133% in 1999-2002. Israel now consumes 14,000 tons of olive oil a year, and plans to plant 30,000 dunam (7,500 acres) of olive groves for the production of oil.

## OCTOBER

### FM Shalom meets with Japanese special envoy Arima

The Foreign Ministry reported that **Deputy Prime Minister and Foreign Minister Silvan Shalom** met in Tel Aviv with the **Japanese emissary to the Middle East, Special Ambassador Tatsuo Arima**, in September 2005.

Minister Shalom greeted the Japanese envoy and stressed how welcome any Japanese representative is in Israel. Shalom asked Arima to convey his special congratulations to Japanese Prime Minister Junichiro Koizumi on his impressive victory in the recent elections.

Ambassador Arima expressed the appreciation of his government for the steps taken by the government of Israel and for the leadership of Prime Minister Ariel Sharon. On other occasions Japan has praised Israel for implementing the Disengagement Plan, and Japan is working intensively to ensure fair treatment for Israel in various international bodies, in an effort to increase the chances for peace.

Minister Shalom lauded the flourishing of bilateral relations and Japan's positive contribution toward improving the atmosphere in the Middle East. The improvement in bilateral relations has been expressed in various ways, including improved trade figures and a steady increase in the number of Japanese tourists visiting Israel, following the lowering of the alert level to its citizens by the Japanese government. Shalom described the disengagement as a difficult step, but one that was completed responsibly and without mishap. He praised Japan's ongoing aid to the Palestinians over the years and efforts to transform the Palestinians into reliable and stable partners by means of it. The minister made it clear that Israel is aware of Japan's efforts to maintain the present level of aid, and asked Ambassador Arima to ensure that Tokyo make every effort to ascertain that these funds are used properly for the benefit of the Palestinian residents.

The foreign minister also pointed out the dangers of Hamas becoming involved in the democratic process within the Palestinian Authority, since it is a terrorist organization that utterly negates Israel's right to exist. He also spoke of the common interest shared by Israel, the Palestinian Authority, and the international community, including Japan, in putting a stop to this organization.

At the end of their meeting, Minister Shalom asked Ambassador Arima to convey his invitation to Prime Minister Koizumi to visit Israel.

### Japanese appreciative with Zim Apology

The public gesture of apology by Zim senior officials in Japan, expressing regret over current boating accident, generates satisfaction in Japan, shipping company lauded for cooperation.

"Zim senior officials apologize, Japanese are pleased. I do not recall another incident in which a company was so cooperative, responded so quickly, and where officials

arrived here to apologize", an analyst at the NHK television channel said. The analyst was referring to the public apology Zim officials performed in front of Japan's Coastal Guard personnel, expressing regret over the recent boating accident involving a Zim cargo ship, and in which seven Japanese fishermen were killed.

### **Zim officials apologize**

The analyst was also very understanding of the circumstances surrounding the accident itself, and added that he knows "how difficult it is for a cargo ship to notice small boats at sea."

This leniency towards Zim symbolized the satisfaction many in Japan feel regarding the public apology performed by senior company officials.

### **Can an apology erase the impression of Zim's initial denial?**

The principal of apology, which in Israel may be considered an external and diplomatic gesture, constitutes a substantial element of Japanese culture. Despite the widely spread appreciation the Israeli gesture earned, the question remains whether the apology and Zim's offer to compensate the families of the fishermen killed, can erase the first impression the company generated by initially denying involvement in the accident.

At present it appears the company's actions have been received with appreciation in Japan.

Israeli Ambassador to Japan Eli Cohen told Ynet that various people approached him to express their satisfaction over Zim's handling of the affair.

### **Wide media coverage**

Meanwhile, Japanese media continues to report on the incident, and to cover every small development in the story.

A news website, for example, reported that Ambassador Cohen and Zim officials will head for the Hokkaido region to meet with the families of the deceased fishermen.

The Japanese news agency Kyodo reported that the Israeli embassy in Japan has committed itself to full cooperation with the investigation, and that the Zim cargo ship's captain is on his way to Israel to be debriefed at the company's headquarters. The investigation into the accident kicked into high gear, when the Japanese Coastal Guard announced it would send four investigators to Hong Kong to conduct the questioning of the ship's crew.

These investigators will join Zim's investigation team, as well as an investigator from the Transportation Ministry who is expected to probe the incident.

## **Israeli, Japanese governments cooperate**

Meanwhile, the Japanese government has approached the Israeli government for the first time on the matter, vis-à-vis Japan's Foreign Ministry and the embassies in Tokyo and Tel Aviv.

The Japanese have presented the Israeli government with a list of demands, to which Israel has agreed to comply in full. Sources in Jerusalem stated that the Japanese investigators will be granted every assistance they may require.

This agreement is significant, as the accident occurred in international waters, and therefore Japan has no authority over the investigation, and can act against Zim only through Israel or the international naval court.

## Japan to finance renovation of PA's Muqata headquarters in Ramallah

The Ramallah headquarters of **Palestinian Authority Chairman Mahmoud Abbas**, known as the Muqata, is to be renovated under the terms of an agreement signed between the PA and the United Nations Development Program (UNDP).

**Japan will finance the rebuilding of the headquarters** for an undisclosed amount.

Addressing the media following the signing ceremony, Rafik Hussein, Abbas' office director, said: "We need a new headquarters for the president where he can meet world leaders and deal with the world in a civilized and modern manner.

"We want a presidential headquarters that will be able to communicate with the entire world so that we can start building our future state," he said.

UNDP's Special Representative Timothy Rothermel said no leader had faced "more challenges and responsibilities than the president of Palestine."

The Muqata, built in the 1930s during the British mandate, also served as headquarters for the Israel Defense Forces between 1967 and 1996.

In that year the IDF first withdrew from Ramallah and five other West Bank cities with the signing of the Oslo Accords between Israel and the Palestine Liberation Organisation (PLO).

The IDF destroyed most of the Muqata buildings during former PA chairman Yasser Arafat's siege following the Israeli reoccupation of the West Bank cities, including Ramallah, in June 2002. Arafat was buried at the Muqata following his death last November.

According to Muhammad Shtayyeh, Minister of Housing and Public Works, who will oversee the construction, the plan calls for the building of a "whole new Muqata."

The new structure, according to an initial plan presented by Shtayyeh, shows modern four-story buildings and a garden.

Tenders for the work will be submitted soon, said Shtayyeh, and construction may start within a month after which the new buildings will be completed within 12 months

## Tufin Technologies to expand into Japanese market; signs Distribution Agreement with Advanced Research of Technologies

**Tufin Technologies**, the leading provider of Firewall policy auditing, tracking and compliance solutions, and **Advanced Research of Technologies (ART)** announced in October their agreement to distribute **Tufin's Security Management** products in Japan.

**Tufin SecureTrack** is an innovative security policy auditing, tracking and compliance

solution, that provides effective monitoring of all policy changes made by Firewall administrators. SecureTrack provides advanced Risk Management through its Security Policy change control, configuration management and compliance auditing capabilities. By monitoring all Firewall policy changes in real-time and verifying their adherence with corporate policies, SecureTrack mitigates risks and enables compliance with the strictest IT regulations and standards.

"Tufin Technologies is and will be the leader in the Firewall policy auditing, tracking and compliance market. I believe that Tufin SecureTrack will become the industry standard owing to their advanced technologies. We are pleased to provide Tufin's comprehensive security management solutions to the Japanese market" said Yasunobu KUDO, president and CEO of ART.

"We are very pleased to partner with ART, and work with one of Japan's first distributors of security solutions," said Ruvi Kitov, CEO of Tufin Technologies. "ART's in-depth security knowledge and experience, combined with its proven track record of distributing and supporting innovative products in Japan will enable our successful entry into the Japanese market."

#### **About Tufin Software Technologies Ltd.**

Tufin Technologies is the leading provider of Firewall policy auditing, tracking and compliance solutions. Tufin SecureTrack is a comprehensive auditing, tracking and compliance system for Security Policies. Using SecureTrack, security officers can easily determine the exact state of their security policy, at any point in time. Tufin Software Technologies Ltd. was founded in 2003, and is headquartered in Ramat Gan, Israel.

#### **About Advanced Research of Technologies, Inc. (ART)**

Advanced Research of Technologies, Inc. (Japanese name; **Sentan Gijutsu Kenkyusho**) imports, markets and distributes computer and communication products into the Japanese market. The company has worldwide business networks with the United States, Europe, and Israel, and is managed by professional partners with a variety of experiences in different technologies, industries and markets. The company has close relationship with OEMs, resellers, VARs, Systems and network integrators, Internet Service Providers, and large enterprise groups based on its own differentiated technical support systems. The company has headquarters in Yokohama, Japan.

### **[Teva Receives Favorable Ruling from Japanese Patent Office Regarding Pravastatin.](#)**

**Teva Pharmaceutical Industries Ltd.** announced in October that trial examiners in the **Japanese Patent Office** have granted judgment in favor of Teva with regard to **Sankyo's Patent** No. 3463875 in Japan. Following a trial last August, the Patent Office found Sankyo's patent relating to pravastatin free of epipravastatin to be

invalid based on prior intellectual property applications filed by Teva in Japan. The favorable ruling is the second decision regarding this product that has been granted to Teva this year. In April, the Japanese Patent Office invalidated Sankyo's Patent No. 3236282 in Japan, which relates to a process for the extraction of pravastatin with iso-butyl acetate. This decision was also based on earlier filed patent applications by Teva relating to pravastatin. As noted by the trial examiners, this request by Teva for invalidation of Sankyo's patent represented the first time that a generic drug company was challenging the patents of a brand name company in Japan.

Teva currently manufactures and supplies the bulk active pharmaceutical ingredient for the finished dosage pravastatin in several countries including Japan.

Teva Pharmaceutical Industries Ltd., headquartered in Israel, is among the top 20 pharmaceutical companies and among the largest generic pharmaceutical companies in the world. The company develops, manufactures and markets generic and innovative human pharmaceuticals and active pharmaceutical ingredients. Close to 90% of Teva's sales are in North America and Europe.

## [Red Bend Software Signs Global Agreement With Sharp to Embed FOTA Solutions on Mobile Devices](#)

### **Red Bend Establishes Japan Office to Win Additional Business in Sophisticated Market**

**Red Bend Software** the leading provider of firmware over-the-air (FOTA) update solutions for mobile devices announced it has signed a global agreement with **Sharp Corporation** to deploy its vCurrent(TM) Mobile FOTA update technology and Open Mobile Alliance (OMA) device management (DM) client on Sharp mobile phones. Sharp is among the most successful mobile phone providers in the sophisticated Japanese market and a large supplier to the leading mobile network operators in Japan. Sharp's advanced 3G mobile phones equipped with Red Bend's vCurrent Mobile will provide a fail-safe function, which protects the integrity of the FOTA update in the event of a power loss to the phone.

"Adding Red Bend's FOTA capabilities to our mobile devices is critical to our success, enabling us to deliver the latest products to operators and users more quickly. The fact that the Red Bend client functions with the operators' existing infrastructure and is based on standards is very appealing," said **Yoshisuke Hasegawa**, Corporate Director and Group General Manager, **Sharp Corporation**.

Using Red Bend's patented FOTA solution and DM client, Sharp mobile devices will be able to more quickly deliver updated firmware over-the-air to phones already in users' hands. In this way, Sharp can deliver new features and products to the market more quickly and enhance the user's satisfaction with the phone. Red Bend's vCurrent Mobile technology achieves this by generating extremely compact updates which can be rapidly and cost-effectively delivered onto the handset with 100% accuracy. Unlike other FOTA solutions, vCurrent Mobile generates firmware updates



without interfering with the original firmware image, making the update process simpler and faster.

## New Red Bend Japan Office to Compete for Additional Customers

In addition to attracting a significant new customer, Red Bend announces the opening of a **new Japan office**, located at **Shinagawa Minatoku, Tokyo**. The Red Bend Japan office provides sales, marketing and technical support, and is headed by **Kazuhiro Abe**, Japan country manager. Abe brings more than 20 years of experience in the telecommunications and IT industry.

"Red Bend has built a dominant position in the FOTA update market, having secured agreements with mobile phone manufacturers representing more than half of the global phone market," said Yoram Salinger, Red Bend CEO. "Our ability to successfully attract an advanced mobile phone supplier such as Sharp and to win business in Japan confirms the advantages of our offering. With our new office in Japan, we expect to further build our presence in this sophisticated and welldeveloped market."

### **About Red Bend Software**

Red Bend Software helps mobile phone manufacturers and network operators accelerate the adoption of new services and features, respond rapidly to customer problems and reduce the support costs through firmware over-the-air (FOTA) updates. Siemens Mobile, Sony Ericsson, LG Electronics and other large handset manufacturers use Red Bend's FOTA technology to quickly and reliably deliver compact firmware updates to mobile phones already in the hands of users. Founded in 1999, Red Bend develops advanced technology that enables reliable, risk-free installation and personalization of critical software through its vCurrent® product line and OMA-DM Client. Red Bend Software is a privately held, venture capital-financed company with corporate headquarters in Framingham, Massachusetts and offices in China, Israel, Japan, and the U.K.

## Aerospace exports lift off, set to grow by 11 percent

Civil aerospace exports this year will grow by 11 percent compared to 2004, and are expected to reach \$1.8 billion, the Israel Export Institute reported.

The local industry includes 150 companies that employ 60,000 workers.

The institute said that six Israeli companies, including **Elbit Systems' Elop, Rafael (Armament Development Authority), Israel Aircraft Industries and Rokar International**, would represent the country at an international fair in **Japan**.

The firms will present products in the fields of mini- and micro-satellites, electrooptics and navigation systems. Israel Space Authority officials will also attend the conference.



## November

### Koizumi May Visit Israel, Palestinian Areas In January

**Prime Minister Junichiro Koizumi** is considering visiting Israel and Palestinian areas in January for talks with their leaders on peace in the Middle East and ties between Japan and the region, government sources announced.

Koizumi is seeking to meet Israeli Prime Minister Ariel Sharon and Palestinian President Mahmoud Abbas, the sources said.

Koizumi hopes to tell Sharon and Abbas that Japan is willing to continue to play a proactive role in international efforts to advance the peace process in the Middle East, the sources said.

The Japanese government planned earlier this year to invite Sharon and Abbas to Japan separately for meetings with Koizumi.

Abbas came to Japan in May but Sharon has yet to do so, due mainly to political problems arising in Israel. This has prompted Koizumi to seek a visit to Israel, the sources said.

In January this year, then Japanese Foreign Minister Nobutaka Machimura visited Israel and Palestinian areas and had meetings with Sharon and Abbas.

### Dr. Tatsuo Arima, Special Envoy of the Government of Japan, to Attend the State Memorial Ceremony for the 10th Anniversary of the Demise of Mr. Yitzhak Rabin, Late Prime Minister of Israel

The Government of Japan decided to dispatch Dr. Tatsuo Arima, Special Envoy of the Government of Japan, to attend the State Memorial ceremony for the 10th anniversary of the demise of Mr. Yitzhak Rabin, late Prime Minister of Israel, that was held in Israel on November 14, 2005.

As this year marks the 10th anniversary since Mr. Rabin was assassinated in November 1995, Mr. Ariel Sharon, Prime Minister of Israel, decided to hold a State Memorial ceremony for this occasion, and sent invitation letters to the heads of states and political leaders of about 40 countries. The Government of Japan received a letter from Israeli Prime Minister Sharon, inviting Japanese Prime Minister Junichiro Koizumi to attend the ceremony.

### Alvarion Building Island-Wide Municipal Broadband Wireless Network in Hokkaido, Japan with Hokkaido Seiko Time Systems After Successful Deployment In the Town of Koshimizu, Additional Municipalities Now Ordering BreezeACCESS(R) VL in 4.9GHz

**Alvarion Ltd.** the world's leading provider of wireless broadband solutions and



specialized mobile networks, announced additional orders to extend the **BreezeACCESS VL** network, following a successful initial deployment in the town of **Koshimizu**, located on **Hokkaido** Island, Japan. Hokkaido Seiko Time Systems (HSTS), Alvarion's local partner and the system integrator, is responsible for extending the network to additional municipalities throughout the island.

"We are pleased to be part of bringing the broadband revolution to northern Japan," said **Mr. Yasumasa Ito, President of Hokkaido STS**. "We began deployment in Koshimizu with a 2.4GHz wireless network, but we soon realized that the band had too many limitations preventing access to many of the city's residents, including line-of-sight, coverage, and slow speeds. Alvarion's BreezeACCESS VL solved these challenges for us, due to its advanced OFDM technology for non line-of-sight operation (NLOS) and its use of the less congested 4.9GHz band where the channels are larger. Since this deployment, several other major cities in Hokkaido have contacted us to understand how they could take advantage of the system, and we are now following through on deployments and plans with each of them. We look forward to continued successful network launches with Alvarion," Mr. Ito -san added. Within the next three years, Hokkaido Seiko Time Systems plans to deploy thousands more Alvarion CPEs throughout Hokkaido Island and expand its installation in and around the city of Koshimizu to supply residences with broadband data services as well as provide connectivity among the municipality's offices, libraries, schools, and in and around the train station.

BreezeACCESS VL's enhanced features such as OFDM non-line-of-sight (NLOS), extended reach of more than 20 kilometers (12.5 miles), high capacity, encryption, and quality of service (QoS) mechanisms enable carriers, mobile operators, ISPs, enterprises and others to provide WiMAX services today. With its advanced features such as 10MHz channel spacing and automatic clear channel selection (ACCS) and its built-in spectrum analyzer to monitor the noise on each channel, BreezeACCESS VL enables greater flexibility in frequency planning.

"This network represents the further strengthening of Alvarion's presence in Asia Pacific," commented Tzvika Friedman, CEO of Alvarion. "BreezeACCESS VL's high capacity and NLOS capabilities, combined with its compliance with strict Japanese regulations, make it the optimal solution to enable Japanese municipalities to have their own broadband networks while providing operators with an excellent business model."

### **About Hokkaido STS**

Based on Hokkaido area, Hokkaido STS is a successful company that primarily provides measurement systems for businesses. Currently, the company's market share is approximately 70% of the Hokkaido market. Beginning this year, Hokkaido STS also works as an Alvarion system partner by providing broadband wireless access systems to municipalities and residences together with a local carrier/ISP company. Together with its partners in broadband wireless, Hokkaido STS is working to close the digital divide in rural areas of Japan.

### **About Alvarion**

With more than 2 million units deployed in 130 countries, Alvarion is the worldwide leader in wireless broadband, providing systems to carriers, ISPs and private network operators, and also in extending coverage of GSM and CDMA mobile networks to developing countries and other hard to serve areas.

Leading the WiMAX revolution, Alvarion has the most extensive deployments and proven product portfolio in the industry covering the full range of frequency bands with both fixed and mobile solutions. Alvarion's products enable the delivery of business and residential broadband access, corporate VPNs, toll quality telephony, mobile base station feeding, hotspot coverage extension, community interconnection, public safety communications, and mobile voice and data. Alvarion works with several global OEM providers and more than 200 local partners to support its diverse global customer base in solving their last-mile challenges.

As a wireless broadband pioneer, Alvarion has been driving and delivering innovations for more than 10 years from core technology developments to creating and promoting industry standards. Leveraging its key roles in the IEEE and HiperMAN standards committees and experience in deploying OFDM-based systems, the Company's prominent work in the WiMAX Forum(TM) is focused on increasing the widespread adoption of standards-based products in the wireless broadband market and leading the entire industry to mobile WiMAX solutions.

### **PromiSec signs major Japanese distribution deal**

**Information security software distributor Digiturbo will distribute PromiSec software in Japan.**

Internal security software company **PromiSec** announced a strategic agreement with **Digiturbo** for the distribution of PromiSec's Spectator Professional software in Japan. Spectator Professional delivers always-on, comprehensive internal network protection that detects and eliminates pre-defined and user-specific internal threats without the installation of invasive client software on organizations' PCs.

The company's entry into the Japanese market coincides with new regulations in Japan setting very strict standards regarding the protection of personal information, such as medical, financial, academic, and other data.

PromiSec co-founder and R&D director Roni Suchowski said, "80% of the severest threats to organizations originate from within the organization itself". Digiturbo business development director Makoto Iwama said, "PromiSec, with its unique clientless endpoints security management (CESM) technology, provides a complete solution for protecting the organization from any information security threats originating from within the internal network".

PromiSec stated that adaptation and localization of Spectator Professional to the Japanese technology environment and language will be completed within a few days. A commercial marketing campaign within Japan will commence at the beginning of 2006.

PromiSec further stated that the agreement is expected to create several millions of dollars in revenue over the next few years.

Founded in 2004, Promisec is a provider of clientless endpoint security management solutions. Promisec is headquartered in Rishon LeZion, Israel with US offices in Boca Raton, Florida. PromiSec client list includes Converse, Bezeq, Isracard, Clal insurance and many more.

### Mempile Nominate Japanese to Chairman

**Mempile raised \$11.6m in its second investment round.**

**Kodiak acted as the leader with Israel Seed, Hitachi CSK, Portview, Alta Berkeley, and JVP joining the investment round together with existing investors.**

**Mempile** completed a second round of investment totaling \$11.6m; **Kodiak Ventures** lead the investment and was joined by **Israel Seed Partners, JVP, Hitachi CSK, Portview, and Alta Berkeley**. Current investors, headed by **Millennium Materials Technology Fund**, also took part in the investment.

Moshe Kelner, CEO of Mempile, said at the closure of the round that "the additional funds will be used to provide the company with financial strength as well as to broaden our development and marketing activities in the United States and Japan."

Mempile also announced the appointment of **Kanji Katsuura** as chairman of the board. Katsuura formerly served as the CTO of **Memory-Tech Corp.**, a major disc replicator in Japan and he was instrumental in the development of the HD DVD standard.

"Mempile's technology will make a significant impact on the entire storage industry," said Inc.

Mempile developed a removable optical drive capable of storing one Terabyte (1,000 Gigabytes) of data on a single disc; two orders of magnitude more than what is available today. The company's technology comprises both the disc itself and the drive required to read and write. Mempile's discs will allow for fully secured storage of information and the application of robust digital rights management schemes; also, its discs have a much longer projected shelf-life than what is common today. Mempile has signed a number of cooperation agreements for the manufacturing and marketing of its products with major media and storage corporations.

Mempile was founded in 2000 by its current CTO, Ortal Alpert. The company raised \$5.5m in its initial round from Millennium Materials Technology Fund and some of Israel's major private investors. The company operates two development centers: one in Neve Ilan, Israel, and the other in Colorado Springs, CO, in the United States. Mempile currently employs 23 workers.

## December

### Japan's Koizumi to visit Israel, Palestinian territories, Turkey

Japanese Prime Minister Junichiro Koizumi will visit Israel, the Palestinian territories and Turkey in January to show support for the fragile Middle East peace process. "Peace in the Middle East and Japan are not unrelated," Koizumi told reporters. "I will think about what Japan can do and will listen to what they are thinking."

It will be the first visit by a Japanese leader to the region since then prime minister Tomiichi Murayama's trip in 1995.

Chief Cabinet Secretary Shinzo Abe, the government spokesman, said Koizumi's visit "should serve as an opportunity for Japan to express our will to both Israel and the Palestinians to continue to support the Middle East peace process."

In Turkey, Koizumi would engage in "political dialogue aimed at the stability of the Middle East region," Abe told a news conference.

Abe said Koizumi would visit in early January, although the exact dates were yet to be decided.

Koizumi has been seeking a greater global role for Japan, including a now distant dream of winning a prestigious permanent seat on the United Nations Security Council.

Israeli Ambassador to Japan Eli Cohen said Israel expected Japan to contribute financially to the peace process but also to do more.

"Even if you want to join the Security Council, you cannot just give money," Cohen told a separate press conference. "You want to listen to both parties to make progress to more stability to our peace."

"Japan is helping the Palestinians already -- maybe (giving) close to 760 million dollars in the last 12 to 13 years. Israel is supporting this idea of supporting the Palestinians," he said.

"From our expectations, for Mr. Koizumi to help the Palestinians will be to help them build the economy."

Japan, which is at the mercy of Middle Eastern oil to keep its massive economy running, has a close relationship with many Arab countries.

When Palestinian leader Mahmud Abbas visited Tokyo in May on his first Asian tour since succeeding the late Yasser Arafat, Koizumi unveiled a plan to invite Abbas and Israeli Prime Minister Ariel Sharon together to Japan.

But the visits by Sharon and Abbas have been delayed due to a deadlock in peace talks and domestic confusion in Israel, which holds an election on March 28 expected to change its political landscape.

The Palestinian leadership announced in mid-November that Tokyo would double its level of aid for 2005 to 200 million dollars.

Koizumi shrugged off speculation that he would visit Iraq during the tour.

"I have no plan for that," he said.

Local media has been rife with speculation that the maverick premier will eventually visit the 600-strong mission in the southern Iraqi city of Samawa.

Koizumi was expected to announce an extension of the two-year-old mission,

Japan's first military deployment since World War II to a country where fighting is ongoing.

### Japan to give \$720,000 emergency grant aid for Palestinian election

Japan will give \$720,000 in grant aid to the Palestinian Authority and dispatch an election-monitoring mission to assist in the election of the Palestinian legislature in January, Foreign Minister Taro Aso said on December 21<sup>st</sup>. Of the amount, \$500,000 will be earmarked to support the Palestinian election commission in its effort to raise awareness and educate the voters about the January 25 election, Aso said in a news conference.

The remainder will go to the U.N. Development Program to help with the activities of an international election-monitoring mission, the Foreign Ministry said.

Japan's aid is aimed at ensuring that the election will be conducted in fairly and smoothly, the ministry said.

It will be the first election of the Palestinian Legislative Council, the legislature of the Palestinian Authority, in 10 years.

Apart from the grant aid, Japan will dispatch an election monitoring mission headed by Shintaro Ito, the ministry's parliamentary secretary, and assist local nongovernmental organizations in their election monitoring activities, Aso said.

### ASOCS Wireless technology company raises \$8m

Few users of wireless telephones can explain what the acronyms **GPS, GPRS, TDMA, UMTS**, and others stand for. This is not surprising. Standards constantly change, creating a wireless cacophony, in which one handset cannot communicate with another.

One private company seeking to sort out this mess is Jerusalem-based start-up **Asocs Ltd.**, which is developing a configurable baseband Application-Specific Integrated Circuit (ASIC) for supporting multiple wireless technologies and standards. Sources inform "**Globes**" that Asocs raised \$8 million in a financing round, led by Japanese electronics giant Fujitsu Ltd. (TSE:6702), Japanese investment groups, and two venture capital funds, one of them Israeli. Asocs CEO Gilad Garon confirmed the report, but declined to name the investors. The round might be increased to \$10-12 million.

The investment round was lead financed by **VERTEX VC** and was joined by **Harel-Hertz Investments House**.

So far as is known, Asocs agreement with Fujitsu includes a cooperation agreement, under which Fujitsu will manufacture Asocs processor and integrate in the handsets Fujitsu will launch during 2006. The two companies later plan to jointly sell the baseband ASIC to other handset manufacturers, such as Nokia(NYSE; LSE:



HEX:NOK) and Samsung Electronics Co. Ltd. (KSE:5930).

Asocs baseband ASIC is a kind of mathematical decoder that mediates between different wireless technologies and standards, including cellular networks, thereby enabling handsets to roam between networks using different standards. The ASIC will make handsets accessible anywhere in the world, and will also support fixed mobile convergence with only a single processor. Currently, at least two processors are needed for this purpose.

### **About Asocs**

Asocs was founded in 2003. Prof. Simon Lytsin of Tel Aviv University and Israel Air Force veteran Doron Salomon are behind the company. Garon says Lytsin and Salomon met at an Israel radio software conference a few years ago. "Like every good scientist, they did nothing with their invention," says Garon. Garon, who previously worked for Wizcom Technologies Ltd. (XETRA:WZM), joined Asocs after a GSM convention in Cannes in 2003. Together, the three men raised money from private investors.

Before the present financing round, Asocs raised \$800,000 from private investors in the wireless industry and from US investment fund managers who invest in technology stocks. Garon said the current agreement would bring Asocs to commercial launch, scheduled for next July, and to the point of substantial sales. "Our strategic plan mentions reaching the break-even point in 2007. We'll have to hold another financing round for that purpose. Following the present round, Moshe Doron, a former manager at National Semiconductor (NYSE:NSM), has joined Asocs as VP development. We expect to expand our workforce from ten to thirty within a few months.

### **Japanese Broker to Launch Israeli IT Fund**

On 14 December in Tokyo it was announced by **Aizawa Securities Co.**, a mid-size Japanese broker, that next spring it will form jointly with **Vertex Venture Capital** a three-billion-yen fund targeting unlisted Israeli information technology firms.

The new fund, aimed at individual investors in Japan, will be managed in the same manner as Vertex's existing Israeli venture capital fund.

Vertex Venture Capital invests in local high-technology venture companies mainly in the telecommunications sector, seeking profits from the venture firms' initial public offerings or acquisitions of them by other companies.

Israel is known for its strength in cutting -edge technologies. U.S. technology giants such as Intel Corp. and Microsoft Corp., for example, have research and development centers there.

More than 130 companies based in Israel are listed on the U.S. Nasdaq market.



## SFK To buy back Marubeni stake in VC

**SFK Technologies** also said that it planned to buy back the 16.7% of the company purchased by **Marubeni Corporation** of Japan from Shrem Fudim Klener for \$5 million three years ago. Shrem Fudim Klener and SFK Technologies will pay Marubeni NIS 1.83 per share, \$2.5 million altogether.

Marubeni had invested in the Fund, hoping to reach Israeli Technologies suitable to the Corporate core business, The Investments chosen by the VC Fund did not prove so Yehoshua (Shuki) Gleitman, who ran SFK Technologies until now, will continue to manage the company's technology operations through the management company he founded.

## Eisai sues Teva over Alzheimer's disease drug

Reported in Tokyo on 8 December: **Eisai Co. Ltd.**, Japan's fourth-largest drug maker, said it was suing **Teva Pharmaceutical Industries Ltd.** over the Israeli firm's plans to launch a copycat version of its top-selling Alzheimer's disease drug Aricept. Eisai filed the patent infringement lawsuit against the generic drug maker in the U.S. District Court for the District of New Jersey.

The Japanese drug maker received a notice from Teva in late October that it had applied to U.S. regulators to market a generic version of Aricept, an Eisai spokeswoman said.

Teva was not available for comment.

Sales of Aricept, which is marketed in 76 countries worldwide, totalled 162.9 billion yen (\$1.35 billion) for the year ended March 2005 and is projected to rise to 188 billion yen this year.

Eisai believes that its donepezil composition of matter patent is valid until its expiration date of November 25, 2010. Eisai intends to vigorously enforce and defend that patent.

Aricept®, a novel acetylcholinesterase inhibitor developed by Eisai Co., Ltd. in Japan, increases the concentration of acetylcholine, a neurotransmitter in the brain. Aricept® is currently indicated for the treatment of mild to moderate Alzheimer's disease and is marketed in 76 countries worldwide.

Eisai's corporate human health care (hhc) mission is to give first thought to patients and their families, and to increasing the benefits that health care provides. The company believes that increasing patient satisfaction through the development of innovative new medicines exemplifies its important mission.

### **About Aricept®**

Aricept® is well tolerated but not for everyone. Common side effects are nausea, diarrhea, vomiting, not sleeping well, muscle cramps, feeling tired or not feeling hungry. In studies, these were usually mild and temporary. Some people may

experience fainting. People at risk for stomach ulcers or who take certain other medicines should tell their doctors because serious stomach problems, such as bleeding, may get worse.

Shares in Eisai were up 0.2 percent at 4,980 yen at the midday break, in line with the pharmaceutical sector index . (\$1=121.08 Yen)

## [Toshiba and M-Systems Introduce New Generation of DiskOnChip\(R\) Embedded Flash Drives for Mobile Handsets and Consumer Electronics.](#)

**M-Systems** and **Toshiba Corporation** announced that the companies will offer DiskOnChip (DOC) H3, a new generation of on-board, high density embedded flash drives (EFD) based on DiskOnChip architecture, for mobile handsets and consumer electronics devices. DOC H3 will allow device designers to easily integrate cost-effective, high-density, on-board storage utilizing Toshiba's latest multi-level cell (MLC) NAND flash, and M-Systems' built-in TrueFFS® flash management software in firmware.

DOC H3 utilizes 70nm generation MLC NAND flash. By changing the product configuration from a monolithic design to a multi-chip design, Toshiba and MSystems gain access to the latest advances in NAND flash technology and shorten DOC development time.

Designed with an improved architecture that virtually eliminates the need for integration via software solutions, DOC H3 manages its NAND flash media from within its controller integrated circuit (IC), allowing customers to reduce product development cycles.

"We are very proud to work closely with Toshiba, the world leader of MLC NAND flash," said Dov Moran, president and CEO of M-Systems. "By embedding our TrueFFS flash management technology into the DOC H3 itself, it becomes extremely easy to integrate this reliable and cost-effective EFD into next generation designs."

"Toshiba and M-Systems' many years of partnership and commitment to DiskOnChip architecture have now yielded a new generation NAND flash-based storage solution, the DOC H3. Our focus is to continue delivering the most technologically advanced, cost-effective NAND flash based solutions in order to satisfy the expanding market needs for high density flash memory," said Kiyoshi Kobayashi, Technology Executive, Flash Memory, Toshiba Corporation Semiconductor Company. "Enabling both code and data storage in a single package, DOC H3 is the efficient way for system designers to tap into our leading flash memory technology in an on-board storage form."

### **Availability**

DOC H3 will be made available in a variety of densities ranging from 2-gigabit (256-megabyte) to 16-gigabit (2-gigabyte). First engineering samples of DOC H3 are expected to be available in the second quarter of 2006, with mass production slated

for the third quarter of 2006.

### **About M-Systems**

M-Systems develops, manufactures and markets innovative flash-based data storage solutions for consumer electronics and embedded markets. The Company targets the fast growing multimedia mobile handset market with its DiskOnChip® and MegaSIM(TM) products and the popular USB flash drive market with its DiskOnKey® product.

### **Israeli 'wonder-pill' to hit Japan**

**Given Imaging's capsule to diagnose gastrointestinal diseases to be cleared for marketing in Japan, expected to generate tens of millions of dollars in revenues to company**

After a two-year process, Israeli company **Given Imaging** is set to be granted approval by the Japanese drug authority, the **Pharmaceutical and Medical Device Agency (PMDA)**, to market its "wonder-pill" in Japan, Israel's leading newspaper Yedioth Ahronoth reported.

Given Imaging has developed the PillCam SB Capsule Endoscope, a naturally ingested device for use in the gastrointestinal tract, used to diagnose gastrointestinal diseases painlessly and effectively. The approval in Japan pertains to a capsule used in the small intestine.

According to estimates, the anticipated approval is worth tens of millions of dollars in revenues for the company. Following news of the permit, Given Imaging's stock rose by 4.5 percent at the opening of trade in the Nasdaq exchange.

Owned by Elron of the IDB Group, Given Imaging markets similar products to the PillCam used to diagnose problems in the stomach, the large intestine and the gullet. The Japanese Set-up of the business in Japan is in partnership with **Marubeni** and **Suzuken**, which invested in the joint venture away in advance of the regulatory approval.

During the first three quarters of 2005, the company registered revenues of USD 62.3 million, and a net profit of USD 2.8 million.

Should Given's additional capsules be cleared for marketing in Japan, the company is expected to enjoy annual revenues of approximately USD 1 billion, though only in a few years' time.

Given Imaging is currently in negotiations with an American insurance company in a bid to include its capsules in the insurer's medicine basket, Yedioth Ahronoth has learned. Given's pills have already been granted FDA approval for its gullet and the small intestine.

## QBI raises tens of millions of dollars in Japan

**Quark Biotech Inc., chaired by Larry Ellison, has developed two molecules about to undergo clinical trials.**

**Quark Biotech Inc. (QBI)**, which discovers and develops drugs, completed a financing round, in which it raised tens of millions of dollars from Japanese financial entities. Several large drug companies may join the financing round in January 2006. The company is planning an IPO on the Tokyo Stock Exchange in 2007.

QBI's most famous investor is Oracle founder, chairman, and CEO Lawrence (Larry) Ellison, who first invested in the company in 1999, and serves as its chairman. Other investors include Dr. Joseph Rubinfeld, a former VP at Bristol-Myers-Squibb (NYSE: BMY), and Nobel prizewinner and former president of Rockefeller University Joshua Lederberg. (According to Globes – Economic Newspaper.)

QBI develops drugs by tracing genes the neutralization of which prevents the symptoms of a disease from occurring. The company has agreements with a number of Japanese pharmaceutical companies for joint development of drugs, based on molecules discovered by QBI.

These agreements have so far generated tens of millions of dollars in revenue, participation fees for R&D, and milestone payments. These drugs are in the advanced phases of clinical trials. The most advanced of them is a drug for treating osteoarthritis.

QBI has also developed three molecules that it wants to bring to market independently. The current financing round is designed mainly to support clinical trials for these molecules.

The first is a drug for blindness associated with old age. "Animal models suggest that there is a gene that can be neutralized, and that this will not only halt the deterioration caused by the disease, but will even improve the situation," says company founder and CEO Dr. Daniel Zurr. "Another disease is acute renal failure. Damage to the kidneys is one of the complications of open-heart surgery. We have found a drug that, when we inject it, inhibits these phenomena.

"We are the only Israeli company that has gone from discovery of the target molecules to development and marketing of the drug," Zurr adds. "Most companies in Israel buy target molecules from university researchers. Almost all our original investors are Jewish. Their vision is to promote a genuine ethical drugs company in Israel. At our board meetings, you can hear the word 'Zionism'. That's why we still haven't been sold to a big company. Yes, even Larry Ellison himself is Jewish, although he doesn't talk about it much, and he shares this idea and this vision."

There was no information who the Japanese investors are but, we are aware that since 1999, **Fujisawa Pharmaceutical Co., Ltd.**, has concluded a collaborative research agreement with Quark Biotech, Inc. and. have entered into a \$19 million agreement centered on discovery of **stroke therapies**. Also already in 2000

**Shionogi & Co** entered into a collaborative research agreement with **Quark Biotech, Inc. (QBI)** regarding the discovery, identification and functional analysis of osteoarthritis (OA)-related genes.



**Sanwa Kagaku Kenkyusho Co., Ltd.** and **Quark Biotech Inc.** announced on February 8<sup>th</sup> 2005 that the companies entered into an agreement for Quark to license the **phase II compound BT16** to Sanwa for the treatment of **dyslipidemia**. The license provides Sanwa with exclusive development, manufacturing and marketing rights for the compound in Japan and other Asian countries. According to the agreement, Quark will receive an upfront payment as well as payments at development milestones with additional royalties on sales.