Israel

Punching above its weight class

Israel rivals much larger countries in measures of research-and-development spending and general entrepreneurial talent.

For years, Israel has outpaced countries around the world in R&D spending. In 2015, the country devoted 4.3 percent of its GDP to R&D, exceeding every other country and earning an 'A+' in R&D Investment.

Israel is second only to Japan in the percentage of degrees it awards to STEM graduates and, with 49.9 percent of its workforce in highly-skilled jobs, falls right behind Scorecard leader Singapore in the category.

That talent puts Israeli tech on the map, with a handful of impressive exits. Google acquired navigation app Waze for $966 million and Cisco bought mobile networking startup Intucell for $475 million. Both companies grew in the healthy Tel Aviv startup ecosystem, which placed sixth on a ranking of global startup ecosystems — only a few slots behind Silicon Valley in the U.S. Nationwide, Israel has produced five startups worth more than $1 billion, and with a new business entry rate of 3.11 for every 1,000 people, it earns near-top marks in Entrepreneurial Activity.

In 2017, Intel acquired Jerusalem-based self-driving vehicle tech company Mobileye for a record-breaking $15.3 billion. But despite that homegrown success, self-driving vehicles have been slow to the starting line in Israel. Authorities closed off a section of roadways for testing, but developers are still forbidden from testing in real-world conditions on public streets.

Sources: (The Next Web) (CNBC) (Haaretz)

WHAT DID WE DO RIGHT?

Israel devotes a stunning 4.3 percent of its GDP to R&D Investment, outspending every other country. The short-term rental market is booming thanks to a largely hands-off approach to regulation.

WHAT CAN WE DO BETTER NEXT YEAR?

Allow testing of fully self-driving vehicles, eliminate streaming taxes and loosen restrictive regulations on drone use. Israel must also support ridesharing nationwide. Right now, the only exception to the de facto ban is a carpooling project that operates as a not-for-profit cost sharing option.

Diversity	B+
Freedom	C+
Broadband	B-
Human Capital	A+
Tax Friendliness	C+
R&D Investment	A+
Entrepreneurial Activity	B+
Drones	C
Ridesharing	F
Short-Term Rentals	A
Self-Driving Vehicles	C
Environment	B

Entrepreneurial Activity

Has a new business entry rate of 3.11 per 1,000 people and impressive nine-figure exits by navigation app Waze and networking startup Intucell.

Human Capital

At 49.9 percent, Israel is second only to Singapore in the percentage of its workers who are highly-skilled and outpaces most other countries for the percentage of degrees in the country earned by STEM graduates.

Broadband

Average fixed broadband speeds of 13.7 mbps and average mobile speeds of 9.2 mbps are a step above many other countries.

R&D Investment

Israel spent an eye-popping 4.3 percent of its GDP on research and development activities.

TEL AVIV

Nationwide, Israel spends more on research and development than any other developed nation, devoting over four percent of the country's GDP to R&D Investment.

For years, Tel Aviv has been a hotspot for innovation in the country. High-profile exits have been a feather in Tel Aviv's cap; in the same year, Google purchased local navigation app Waze for $966 million, and Cisco purchased mobile networking startup Intucell for $475 million.

New ventures continue to plant roots in the city. Airobotics, which produces automated drones for a variety of industrial applications, was founded in Tel Aviv in 2014. The company raised more than $30 million over the next three years, and its drones were slated to be deployed for surveying and mapping at an Australian mining site.

Sources: (The Next Web) (Business Insider) (Wired) (Airobotics) (Financial Times)

Tel Aviv has developed into a hotspot for innovation in Israel, responsible for tech success stories like Waze, which Google purchased for $966 million, and up-and-coming companies like Airobotics, which uses automated drones for industrial applications.