

**CHINA'S SMART MOBILITY:**

**CAN ISRAELI STARTUPS  
PLAY A ROLE?**

PRESENTED TO TONGJI UNIVERSITY - AUTOMOTIVE MEETUP  
SHANGHAI, NOVEMBER 13<sup>TH</sup>, 2018

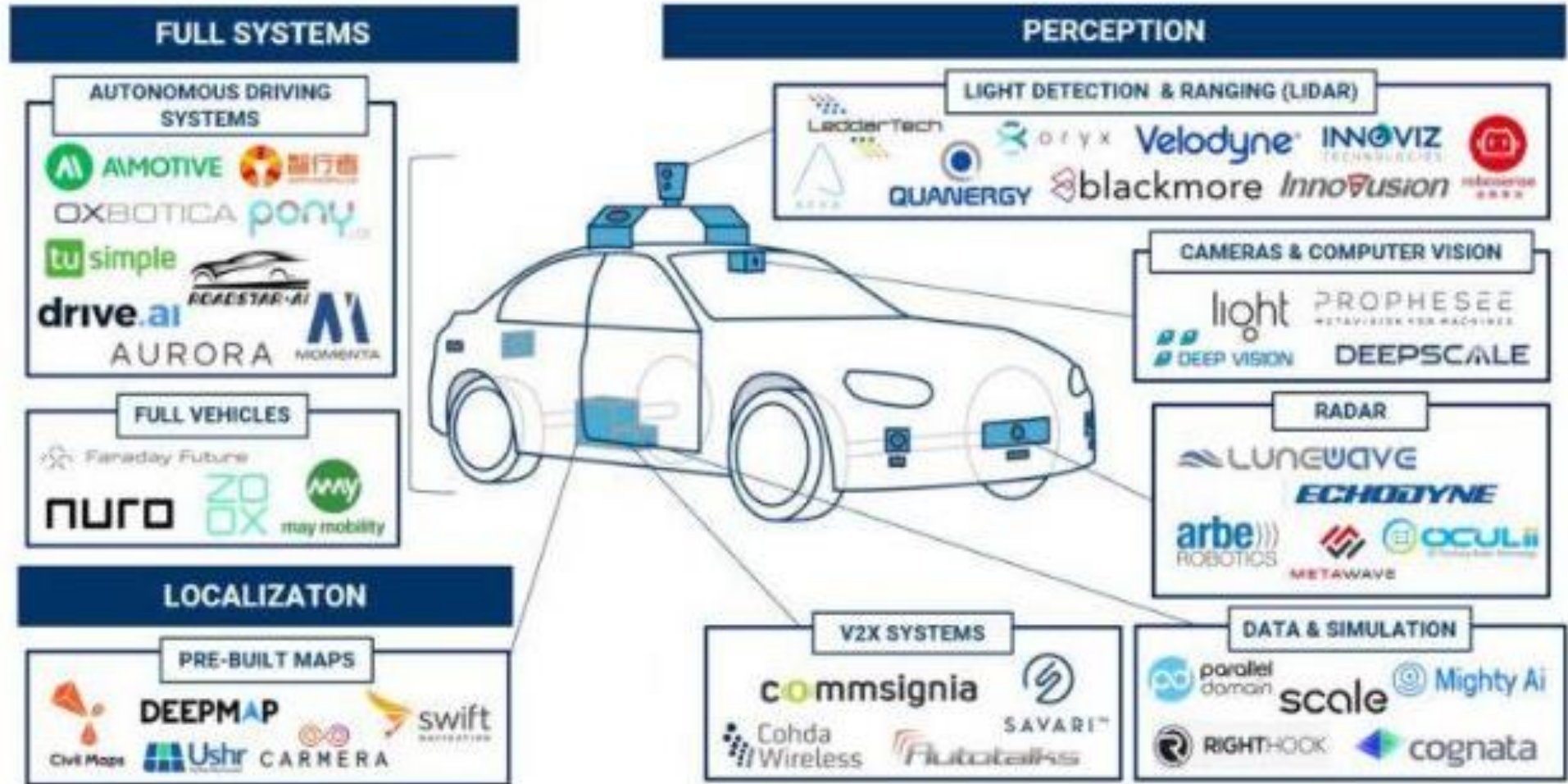
*"All models are wrong, but  
some are useful"*

George Box, statistician

# CHINA IN TRANSFORMATION

- Made in China 2025 - Robotics, AI and automation
- China - "Intelligent economy", "intelligent society" by 2030
  - *China's State Council, July 2017:  
RMB1 trillion AI industry and RMB10 trillion relevant industries*
  - *Bloomberg: 30 million autonomous vehicles within a decade*

# UNBUNDLING THE AUTONOMOUS VEHICLE



# SMART MOBILITY IN CHINA – TOO LARGE TO IGNORE

- 422,000 New Energy Vehicles (NEV's) delivered in 2018 H1
- 114% growth YoY
- 3X higher than US
- 2018 forecast:  
**1.1 million passenger NEV units** – BEV and PHEV
- 4.2% of passenger car market – 26.3 million



# ISRAEL – STARTUP NATION

- Close links to Silicon Valley for 25 years
- Hundreds of deep tech startups in the smart mobility / smart city sectors, second to SV only
- **VC Fundraising:**
  - 2017 was a record year - \$5.24 billion in 658 deals
  - Q1–Q3/2018, Israeli startups raised \$4.54 billion in 444 deals
- **Exits:** In H1/2018, exit activity reached \$6.22 billion in 58 deals

# THE PLAYERS OF AI

## Top 2 and next 4 countries of AI

inspired by Victor Baffet, Tim Dutton and Roland Berger



Global leader on almost all criteria. Best and largest AI research in the world. Highest number of startups and funds invested. Large digital players



AI Talent and research hub as national strategy



Targeted leadership in "ethical AI"



40 times more startups per capita than the US



Significant research, startups and AI industrialization



AI is the new moonrace. Aim: US\$20bn industry by 2020, World #1 by 2030. Very strong government support. Data abundance. Fastest growth of AI patents. Rich startup ecosystem.

Next to next 4 countries :



France



Germany



S.Korea



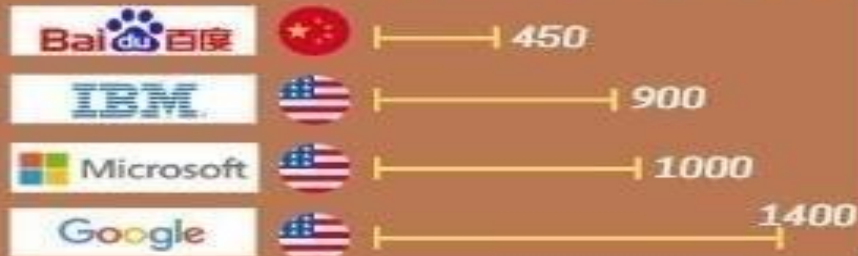
Singapore

## Top 4 tech giants and funded startups of AI

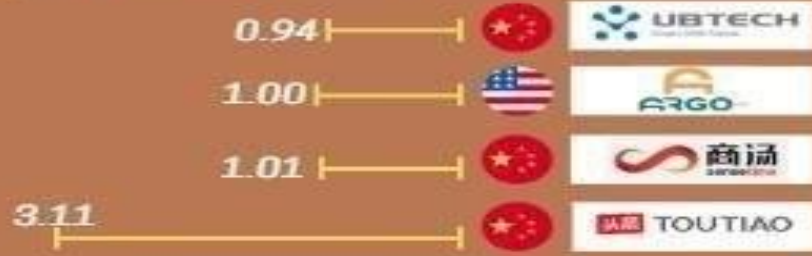
data source : Tencent and nanalyse



Top 4 tech giants per AI researchers (#)



Top 4 AI startups per funds raised (US\$ bn)



# ISRAELI STARTUPS ON THE EDGE OF SMART MOBILITY

- **Innoviz** – LiDAR real time 3D images of the vehicle's surroundings. \$82 million raised from Samsung Catalyst, Softbank Ventures Korea
- **AutoTalks** - V2X (vehicle to everything) communication technology. \$70 million raised from Hyundai, Samsung Catalyst Fund, Sumitomo Mitsui
- **Hailo** - microprocessor that deliver data-center performance to edge devices, using deep learning. \$12.5 million raised from Israeli VC's
- **Foresight Automotive** – 3D multi-camera-based driver assistance. TASE and NASDAQ listing, \$12.5 million raised from VC and in public listings
- **Foretellix** – A novel approach to AV verification/validation. \$1.5 million raised from Zohar Zisapel, leading angel, and Next Gear Ventures (Israeli VC)
- **Cognata** - automotive simulation and validation combining deep learning and computer vision. \$23.5 million raised from Airbus Ventures, Global IoT Tech Ventures, and Israeli VC's



# WHY IT MATTERS

- China lags behind the US
  - Quality of engineers and patents
  - Maturity of tech ecosystem
  - Ability to attract the world's best talent
- Israel can help bridge some of these gaps
  - *Israeli tech startups' secret sauce: "SV DNA" and Chutzpah*
- Amplified by US-Sino trade war, with caveats

# FAST AND FURIOUS

- China's advantages

- High valuations
- Fast time-to-market

- *Dot.com déjà vu?*

- Luckin Coffee, unicorn after launching in January, +2,000 outlets
- Manbang Group, truck-hailing – 300X 2017 revenue (Uber is 10X)
- Total valuation:
  - China: 109 unicorns - \$535 billion
  - U.S.: 127 unicorns - \$478 billion
- How long does it take to reach unicorn status?
  - China - 4 years
  - U.S. - 7 years
- Percentage of unicorns that reached \$1 billion valuation within 2 years:
  - China – 46%
  - US – 9%

# BACK ON GROUND LEVEL...

- Israeli startups face compounded risk in China
- China's policy makers are opening up the country
  - ❖ Capital – cities and provinces, Incubation programs
  - ❖ *Talent* - "Entrepreneurship Visa" or "Business Startup Visa"
- Is it sufficient? What is missing?
- The Silicon Valley lesson - Israeli startups are not waiting
- Implications for European startups

# THE RACE FOR NEXT GENERATION MOBILITY

- 2014-2017 - \$80 billion invested into driverless cars
- First commercial semi-autonomous cars will be on the road in the next 1 to 2 years
- Allied Market Research:
  - Global market for AV - \$54.23 billion in 2019
  - Up to \$556.67 billion by 2026
- Startups race for the OEM's and Tier-1 suppliers
  - Long commercialization cycles

*“The only way to truly win the future is to shape it. You do not do that by shortening the development times (although that is useful), you do it through long, sustained effort”*

Greg Satell, bestselling author and innovation  
advisor

# THANK YOU!

## CONTACT:

### ***CHINA ISRAEL INNOVATION ACCELERATOR (CIA)***

Rami Blachman | Lei Ming 雷铭

朗玉国际

通往创新中国的门户

- Mobile (International): +972-54 4811216
- Mobile (China): +86 135 24011324
- Email: [ramiblachman@gmail.com](mailto:ramiblachman@gmail.com)
- QQ/WeChat: 1478422327
- Skype: ramiblachman



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