NextLeap Ventures Rising To The Next Level

A venture capital firm launched by former Intel Corp. executives is leveraging its deep roots at the chip giant to expand its portfolio throughout Israel.

NextLeap Ventures, which has its leadership team split between the global tech hubs of Silicon Valley and Tel Aviv, is courting a new investor base for its second fund, among other developments.

"It will be a much larger fund and focused on family offices and institutional investors," says partner Dan Cohen, who held several senior positions at Santa Clara-based Intel, including head of product management for its $10 billion mobile business, global channel programs and the Intel Inside marketing program.

NextLeap Venture's first fund, launched in mid-2018, raised $10 million from individual investors, and has backed 16 portfolio companies from a cross-section of industries, including digital health, manufacturing, cyber security and automotive.



Dan Cohen

The Silicon Valley and Tel Aviv firm is courting a new investor base for its second fund.

Its target market for the second fund remains the same: emerging Israeli startups seeking seed or Series A funding with a successful management team; disruptive, protected deep technology; large global business potential; existing revenue or customer adoption; and the potential for acquisition or an initial public offering.

NextLeap's typical first investment is in the mid to high six figures in its first fund and expected to double in the second fund; it regularly participates in follow-on rounds of its portfolio companies.

Intel, one of the largest chipmakers in the world, is Israel's biggest employer with a network that extends across the globe. In 2020 it accounted for 14% of the country's tech exports and 2% of the national GDP.

"We leverage this network to help us find companies to invest in, to help us with our filtering process and help us to foster the companies after investment to be successful," explains Cohen, who also sits on the board of the Intel Alumni Network.

Through these Intel networks, NextLeap drew more

than 150 participants at its most recent pitch event held via Zoom. While a remote event was a stark contrast to its social, meet-and-greet events held in Tel Aviv before the pandemic upended everything, it was nevertheless effective.

The event, which drew new participants from the U.S., Europe and Asia, closed with invitees voting for their top three presenters out of five, a quintet the partners whittled down from more than a 1,000 startups operating in the Startup Nation — Israel.

NextLeap Venture's management team—a mix of business professionals, strategy experts, chief technologists, and global leaders in research and development, finance, and marketing—is a key differentiator, according to Cohen, a former Vice President of Strategy at San Jose-based Adobe Inc.

"Most VC people come from a banking background, and they don't have that operational experience," he contends. "We have a track record of having identified and driven a lot of new technologies into the market, generating hundreds of billions of dollars."

The 'Israeli Discount'

Five of the firm's partners are based in Israel, one of the most technologically advanced nations in the world. Its free-market economy, bolstered by a highly skilled and educated workforce, is driven by high-tech, medical, aerospace and communications, as well as an established cybersecurity, defense and finance sector.

The country, according to reports from the World Economic Forum and PricewaterhouseCoopers, consistently ranks among global leaders in venture capital funding per capita; percentage of gross domestic product spent on research and development, and engineering per capita; and percentage of population with an academic degree.

Israeli startups have much lower valuations than U.S. counterparts, but equal or better exit values, creating a so-called "Israeli discount," according to Cohen. "The companies are more cash efficient and their typical engineering salaries are lower."

Diversified Holdings

NextLeap's portfolio highlights the country's diverse and emerging industries, for example:

- Dataloop utilizes artificial intelligence and algorithms to develop Machine Learning and Computer Vision data management platforms.

- TechsoMed uses real-time AI driven medical imaging analysis for predictive visualization of true ablation damage.

- ZutaCore enables 3x processing capacity and 50% lower costs and space in data centers using its direct on-chip liquid cooling technology.

- Polymertal delivers lightweight polymer-based Metal Replacements of High-End Functional Parts.

- Nanofabrica is a high-volume 3D printing and rapid precision additive manufacturing company with 1 micron resolution capabilities.

Pandemic Response and Beyond

Some of NextLeap's portfolio companies are on the front lines of the coronavirus outbreak.

- Sanolla developed a smart stethoscope that could be used to non-intrusively detect Covid-19 in near -real-time.

- GeneYX created a genomic database that's been utilized to predict the severity of infection based on genetic make-up.

- Montfort allows doctors to conduct medical-grade neurological tests via a smartphone, and has been used to administer and monitor telemedicine services for Covid-19 patients.

"The companies in many cases are contributing to solutions to help with this pandemic. In other cases, they are contributing to second-order implications, like supply chain issues," Cohen says.

Fostering and building the startup ecosystem in Israel is more than just business for him and NextLeap partners.

"On a personal level I do have family there," he adds, "and I value helping the Israeli economy. After all, Israeli innovation has a long track record of positively impacting society on a global level." — By Chris Casacchia, California Business Journal.

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