



# February Edition 2023

# IsraelDesks

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ISRAEL

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## IsraelDesks

As the world confronts the ongoing war in Ukraine, the contribution of food production towards greenhouse gas emissions, and the logistical challenges that have persisted since the outbreak of Covid, we take a deep dive into the Foodtech and AgTech landscape. In the latest edition of IsraelDesks magazine, a range of domestic and international law firms talk to us on the current trends, deals, investments and key players in the field - considered a top priority for many. From alternative protein to disrupting the traditional dairy industry, Israel is considered a pioneer, but where do we go from here? In a separate feature, we also learn from Lipa Meir & Co. about key cybersecurity issues and trends in the health sector.

Much has been written about Israel's growing trade with the Gulf States following the signing of the Abraham Accords in 2020, but next door, Cyprus has been moving along steadily for some time. We catch up with AGP Law Firm, and Elias Christou Legal Services to shine a light on our close neighbor.

In a market where there are more lawyers per capita than anywhere else on Earth, it is not surprising there has been a spate of law firm mergers in Israel, but none more so than recently. We speak to Dr. Ayal Shenhav about the merger between Goldfarb Seligman and his firm, Gross, which together have become the largest law firm in Israel. We ask where is this trend headed. Meanwhile, a decade has passed since Israeli legislation allowed foreign law firms to open in Israel. We take a look at how and why this has expanded dramatically ever since.

*Lee Saunders, Editor*

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# Industry Focus

Foodtech becomes a higher priority

## With increased support, the Israeli Foodtech and AgTech landscape confidently takes center stage.

Foodtech is expected to be among Israel's top economic priorities earmarked for more funding over the next five years, according to the Government, and the reasons aren't hard to see why. The threat to food supplies from the ongoing war in Ukraine, the nagging logistical challenges since the outbreak of COVID-19, and the huge contribution of food production towards greenhouse gas emissions has added to the sense of urgency.

"These sectors are very lucrative, and they only grow in scope and volume," says Roy Caner, partner and head of Hi-Tech at Erdinast, Ben Nathan, Toledano & Co., With Hamburger Evron (EBN). He adds: "These areas are considered 'green', doing good for the environment and, in addition to a potential great return, also provide a reputational enhancement for the investment portfolio. As the world population increases, and food supply and the effects on the environment become ever more pressing issues, the demand for affordable and economic solutions only increases."

### ISRAELI AGTECH MAP 2023

THESE STARTUPS ARE A SAMPLE OF MORE THAN 300 COMPANIES GROWING SOLUTIONS TO FEED THE GLOBE



**About Start-Up Nation Central:** Start-Up Nation Central is a non-profit organization that connects Israeli innovation to the world in order to help international entities solve global challenges. Interested in the Israeli technology ecosystem, we provide a platform that nurtures business growth, economic policies, and generates partnerships with corporations, governments, investors, and VCs to strengthen Israel's economy and society. For more information, visit: [startupsnationcentral.org](http://startupsnationcentral.org)

**About GrowingL:** GrowingL is a dynamic and growing community in the Israeli AgTech sector, comprised of over 300 startups and 5,500 community members. By connecting the different parties in the AgTech ecosystem, GrowingL accelerates the development and adoption of new technology to help shape the future of agriculture. GrowingL is a government initiative of the Ministry of Economy, the Ministry of Agriculture, the Israel Innovation Authority, and the Israel Innovation Institute. For more information, visit: [www.growingl.com](http://www.growingl.com)

**Start-Up Nation Finder:** is a comprehensive knowledge hub on Israeli startups, investors, acceleration hubs, multinational corporations, and technology-based innovation associated with academic research. For more information, visit: [finder.startupsnationcentral.org](http://finder.startupsnationcentral.org)

## Foodtech set to reach over USD 340 billion by 2027

Foodtech spans multiple fields, among them nutrition, packaging, food safety, processing systems, cultured meat, alternative proteins, novel ingredients, retail and restaurant tech, health and wellness and more, while AgTech uses technology to drive farming efficiency and sustainability. The numbers speak for themselves.

The global market for Foodtech is expected to reach a value of USD 342.5 billion by 2027, according to recent analysis by Emergen Research, while according to a forecast by the [Barclays Group](#), the global market value of meat substitutes alone is expected to reach USD 140 billion for 2030.

*"According to a recent McKinsey study, recent growth in VC investment was particularly transformative for the Food and AgTech sectors,"* points out [Taylor Wessing's](#) London partner [Josef Fuss](#). *"Approximately 20 times more capital was invested in new Food and AgTech ventures in 2021 than 2012, whereas VC investment in the overall market grew approximately 11 times over,"* he adds.

While VC investments into AgTech and Foodtech start-ups plunged in 2022, according to a report in the Financial Times, investments were still higher than in 2020, and with the impact of climate change, the continued focus on food security, and demand for healthier, chemical-free food, analysts and lawyers agree that interest in Foodtech and AgTech will only increase in the longer term.

As [Fuss](#) of [Taylor Wessing](#) adds: *"In terms of VC funds, in the U.S., particularly active funds in AgTech are SVG Ventures, the Yield Lab, S2G Ventures, Cavallo Ventures and Ag Startup Engine – all invested in over 15 AgTech transactions in 2022. Meanwhile, in Europe, 2022 saw Paris-based Capagro, the first European independent VC fund dedicated to Food and AgTech, launching a €200 million fund. Other European prominent investing in this space includes Five Season Ventures, Astanor Ventures, Future Positive Capital and FoodLabs. There is also a rise in the number of specialized VC funds."*

## From robotics solutions to optimization agriculture, many fields draw interest

*"The main areas of interest in AgTech are robotics solutions, especially in developed countries, with robots designed and used for crop harvest and fruit picking - Tevel Aerobotics and MetoMotion are examples for companies in this area,"* adds [Alon Rom](#), partner at [Gornitzky](#). He adds: *"Crop pollination solutions are vital for growing crops, with such solutions are divided into solutions that are substitutes for bee pollination and those for optimizing beehives and the bee pollination process - companies like Bumblebee A.I and Beewise are examples for companies in this area. Genetics solutions and optimization in agriculture are used to produce better crops in terms of quantity and quality with less land and water resources, adapting to climate change effects."*

*"As for AgTech, innovations dealing with identifying and treating diseases in crops, vegetation etc. have become very popular,"* adds [Ronit Amir-Yaniv](#), partner at [Arnon, Tadmor-Levy](#), while [Fuss](#) of [Taylor Wessing](#) adds: *"The range of Israel's Food and AgTech innovation capabilities is broad and varied, including soil and plant sensors, cutting-edge swarming drones, autonomous robots, plant genetics platforms, cultured meat, smart irrigation, and big data analytics software."*

## Alternative proteins and alternatives to sugar and salt

There are also many companies in the alternative protein and plant based protein space. *"Growing farm animals as food supply and source of protein for mankind is one of the causes of climate change due to the high carbon footprint generated from such activities,"* [Gornitzky's Rom](#) adds. *"Another area of interest is the development of alternatives for sugar and salt as a solution to pandemic-level health issues such as diabetes, blood pressure and obesity,"* he adds.

## 'Israel is a Food and AgTech powerhouse'

Israel's leadership in Foodtech comes as no surprise to many. Driven by a successful hi-tech ecosystem, strong biotech, agrochemical and medical industries, the country has emerged as a frontrunner in these vital industries. "The unique value Israel has for innovations in these industries is the common and inherent use of AI, Big data and deep learning to further advance and enhance developments," states [Amir-Yaniv](#) of [Arnon, Tadmor-Levy](#).

"Israel's agricultural capabilities have been developed over decades in an exceptionally limited natural resources environment," adds [Tal Karplus](#), partner at [Shibolet](#). "Its innovation and entrepreneurial culture, coupled with experienced human capital and strong academic and government infrastructure, have provided a suitable platform for the development of companies in the agrifood field and as such, significantly contributed to global agrifood market innovation."

## Growing support from the Government and the Israel Innovation Authority

"Israel is a Food and AgTech powerhouse for several reasons, including government support and lessons learned by the ecosystem due to a shortage of natural resources which drove innovation in this sector long before it came onto the global agenda," adds [Nathan Krapivensky](#), senior counsel and co-head of [Taylor Wessing's](#) Israel Desk.

"The Israeli government supports the Foodtech industry in a number of ways," agrees [Maggie Craig](#), Boston partner at [DLA Piper](#). "It is not only an economic issue for the country but also one of security. Being self-sufficient to feed the country was highlighted for many countries during the Covid 19 pandemic but has always been top of mind for Israel." She adds that "the government provides financial capital through the Israel Innovation Authority ("IIA"), an "independent publicly funded agency, was thus created to provide a variety of practical tools and funding platforms aimed at effectively addressing the dynamic and changing needs of the local and international innovation

ecosystems."

[Craig](#) of [DLA](#) adds: "The IIA has an International Collaboration division "responsible for coordinating international collaboration in innovative R&D knowledge and technology between Israel companies and counterpart organizations abroad, thus offering various competitive advantages for the Israeli industry in a global market."


## World of Academia plays key part

As [Gornitzky's Rom](#) confirms, the country's advantages include "strong academic research institutions such as the [Weizmann Institute](#), the [Volcanic Institute and the Faculty of Agriculture](#), a tradition of innovation resulting in many start-ups in the field, extensive agronomic knowledge that complements and is essential to the start-ups' activities, and complementary knowledge in computer science and AI that also plays a factor in the success of the AgTech and Foodtech fields."

Furthermore, you have the [Technion Israel Institute of Technology](#), which recently announced it is establishing an R&D center for substitute proteins with USD 20 million in investments over five years, while there is also sector support from [Ramat Tel Aviv University](#) and the [Hebrew University of Jerusalem](#), among others. The Israeli Government already declared a national program for the promotion of the [Foodtech in the Galilee](#), with [Tel-Hai College](#), the flagship college of the region to play a significant role in the advancement of this initiative.

## Many investors in the field, from multiple VCs to multinational strategics

"Amongst VC's and investors in the industry are [Bioworks](#), [Millenium footech](#), [Entrée](#), [Kubota](#), [FIMI opportunity](#), [Vertex Ventures](#) and many more," adds [Ronit Amir-Yaniv](#), partner at [Arnon, Tadmor-Levy](#). "Some of the companies that are currently active and which I personally accompany include [Botanohealth](#), [Bioled](#) and [Eroll](#). These companies originated in Israel though some have already infiltrated the global market. Active funds also include [Seetree](#) and [Nobactra](#)."



EBN's [Caner](#) adds: "In the food tech sectors, many CVCs, such as ADM, Tyson food, Muller ventures, and Rich Ventures, as well as specialized VC funds such as S2G, Emerald and others," while [Rom](#) of [Gornitzky](#) points to VC funds, such as Terra Ventures, Bridges and private equity funds such as Tene Funds, as well as designated funds, such as PeakBridge, A.P. Partners, and JVP.

"Most of the serial investors in the food and agriculture space are multinational strategics, generally big global food companies whose business stands to be disrupted by innovation in their space," says [Joey Shabot](#), partner and Tel Aviv Managing Shareholder of [Greenberg Traurig](#).

As [Amir-Yaniv](#) of [Arnon, Tadmor-Levy](#) adds: "Notably, all major food corporations such as Unilever, Osem, Strauss, Coca-Cola and Tnuva, have established incubators with the objectives of encouraging innovation in both these markets and attracting investors to invest in emerging start-ups. "Since local companies' ability to raise funds for emerging startups has been limited, they have responded by transferring their efforts to their international owned/controlled corporations."

Nevertheless, several well-established Israeli companies are heavily involved, among them [Strauss](#) and the [Tnuva Group](#), Israel's biggest food manufacturer and leading dairy producer, leading the way. Tnuva created a new investment fund called [Tnuva NEXT](#) for investing in food-tech start-ups. Tnuva is also a partner in the Fresh Start, a Foodtech incubator in Kiryat Shmona, which, since opening in 2020, has completed investments in 10 food-tech start-ups, among them ProFuse, which operates in the field of cultured meat, and BlueTree, which developed technology to lower the sugar content of fruit juice.

For the companies themselves, one key consideration is expressed by [Greenberg Traurig's Shabot](#). "How do I as a small innovative company protect myself from, on the one hand, being overly aligned with a key strategic investor, such that other strategic investors are not scared from investing in my company, because they think I am sort of already on the hook with one specific strategic investor who invested early. So, entrepreneurs need to be focused on that and they are."

He adds: "The other piece is how do I protect my IP from the big players - my knowhow or my secret sauce from being exposed too much to a potential competitor that is theoretically capable? This is definitely not the strategy of the multinational companies that we work with, but the worry is always there on the start-up side. So careful consideration goes into the approach of structuring the relationship with a strategic in terms of too much information

versus too little information flow."

With investments into these fields, patience is key. As [Caner](#) of [EBN](#) points out: "The obstacles are that these areas often require more time to market than the standard enterprise software, AI and cyber sectors, for example, so that the investors need more patience. Also, both sectors often involve "hardware" or production activity that are less desired by the standard VC."

"In both fields investors should be aware that there are long development cycles and sale cycles, so the exit strategy should be different and longer in comparison to sectors such as software," adds [Gornitzky's Rom](#). "In addition, many of the technologies in the field originate from the academy and are provided to companies under equity plus royalties models. Investors should carefully examine such license agreements as they are not always compatible with the company's business model in terms of margins and freedom to operate."

## Israel at forefront of alternative proteins market – 2nd only to U.S.

"Today, in Israel, there are over 500 companies across the strong Foodtech sector," said Eliran Elimelech, VP of Ecosystem Development at Start-Up Nation Central at The Future is in AgriFood Tech panel in November 2022. From 2017 to today, Foodtech companies raised approximately USD 1.5 billion. The leading sub-sectors in this segment are sectors such as alternative proteins and novel ingredients, with the majority of investment poured into alternative proteins, which include plant-based substitutes for meat, dairy, and egg, cultivated dairy, meat and seafood made from cells, and various fermentation processes and products. "Over the past couple of years we have witnessed food-tech companies are thriving particularly in sectors such as alternative meat, alternative milk, superfoods in general," adds [Amir-Yaniv](#) at [Arnon, Tadmor-Levy](#), also indicating "an emphasis on innovations creating solutions to store food and extending life-expectancy of foods."

In terms of the alternative protein sector, Israeli companies come second only to the US in funds invested, with companies like Wilk, SavorEat, Remilk, Zero Egg, More Foods, Aleph Farms and Future Meat Technologies working on replacing meat and dairy in everyday foods.

## Future Meat attracts largest single investment round in cultivated meat industry.

Rehovot-based [Future Meat Technologies](#) attracted an impressive USD 347 million Series B financing round, making it the largest single investment round in the cultivated meat industry. EBN represented the Company's main investors including S2G Ventures, Tyson Foods and Manta Ray Ventures since the first round of investment in the company, which developed a technology to produce lab grown meat products.

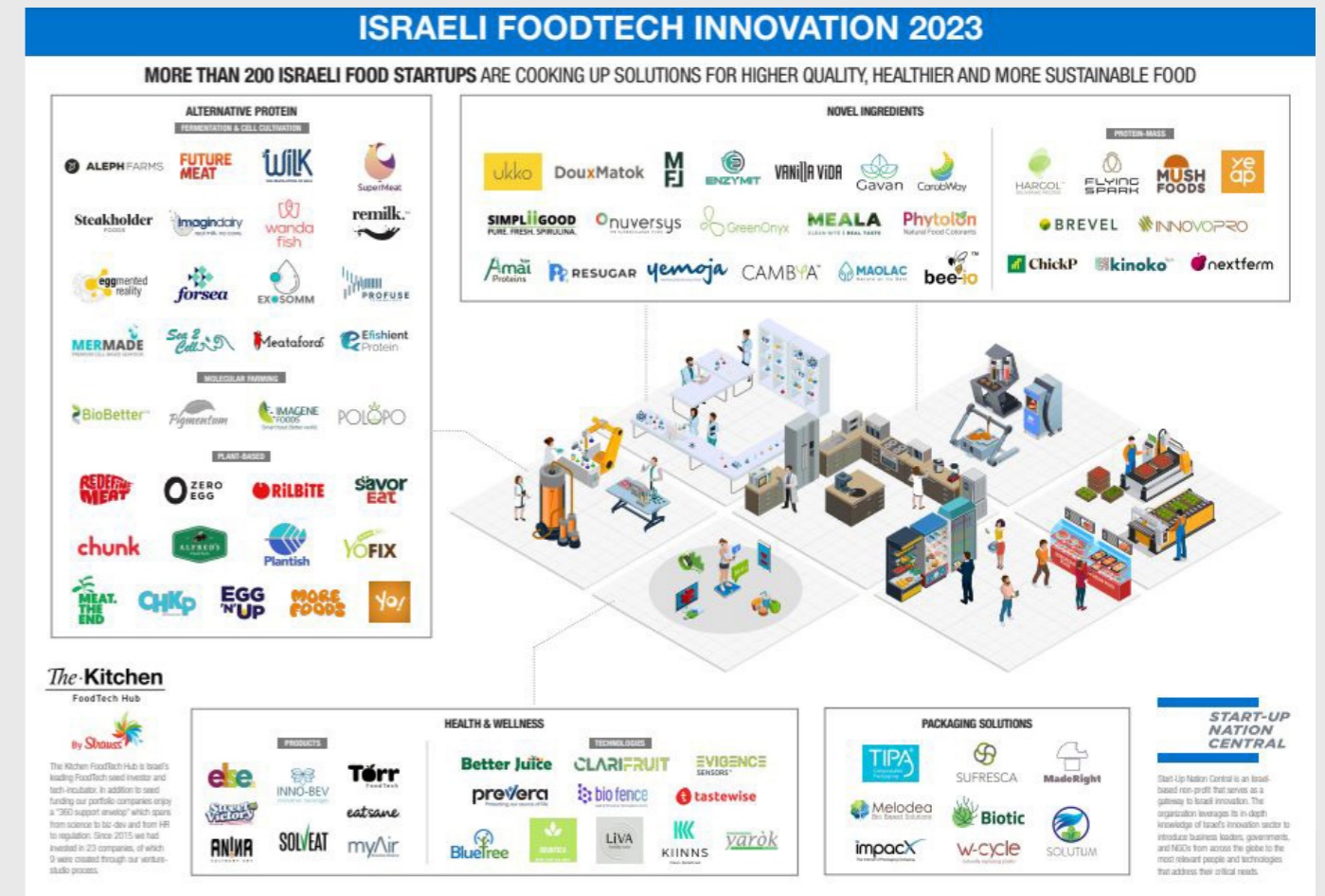
One of the most notable deals in the Israeli plant-based protein sector in 2022 was the USD 135 investment in [Redefine Meat](#), a maker of 3D-printed plant-based meat products, to fund production lines in Israel and the Netherlands, as well as expand its partnerships with restaurants and eateries. EBN has also advised some of the investors in Redefine Meat.

There was also a USD 105 million investment in cultivated meat start-up [Aleph Farms](#), which served up the first steak made of cow cells grown in a lab in 2018 and a cultivated ribeye cut in 2021. The company has raised more than USD 118 million to date. The success of Beyond Meat and Impossible Foods also shows that there is consumer demand for plant-based meat alternatives, while, in early 2022, Rehovot-based Plantish unveiled the world's first vegan, whole-cut salmon fillet. In December 2022, Israeli food-tech company [Equinom](#) raised USD 35 million in funding led by Synthesis Capital, a leading global food technology and alternative protein investor, as it looks to increase its offering of optimized plant protein ingredients to market.

## The disruption of dairy and animal-free milk

As [Greenberg Traurig's Shabot](#) adds: "In terms of sectors or subsectors of the food and ag industry, we are seeing a lot of interest in the dairy-related industry. The dairy industry is an intersection of a very traditional and formerly quite local industry. Today, however, even before the AgTech revolution, large international companies have become leaders in the dairy business. With AgTech what is happening is that they are pivoting towards technology in order to replace traditional sources of dairy. Cow-free milk is one example, which has promise also for other human health applications. There are a

number of interesting Israeli companies that are active in this space." The second-largest investment raised by an Israeli food tech start-up (announced in early 2022) was USD 120 million for Remilk, a developer of animal-free milk and dairy, using a yeast-based fermentation process to produce milk proteins. The investment was the single largest in a cow-free dairy company to date. As Shabot adds: "We are seeing dairy clients making inquiries and interested in making investments in this space. Even more so than the soy- and almond-based products, real milk alternatives have the potential to truly disrupt, in a good way, the world's food chain."



## Israel has company – other notably hot jurisdictions

"In addition to Israel, clients are exploring jurisdictions such as Canada, Portugal, Holland and the U.S. These countries are attractive to clients and other stakeholders, largely due to relatively relaxed local regulatory restrictions that are in place," says [Amir-Yaniv](#) of [Arnon, Tadmor-Levy](#), while [Rom](#) of [Gornitzky](#) adds: "California, Netherlands and France are all strong and

known territories in the in the Ag- Tech and Foodtech sectors."

In fact, the U.S., UK, Canada, Denmark, India and Singapore are among those already rolling out massive funding for national food technology programs. If Israel wants to remain at the front, it will need a national strategy and investment.

"The U.S. continues to impress as a center for food and ag-related innovation," points out Shabot of Greenberg Traurig. "There are just a lot of companies, a lot of entrepreneurs and a lot of science, including at universities that are dedicated to various applications of agriculture. Not just on the investor side, but also on the innovation side. On the investor side, we are seeing more interest from in Europe, especially from France which is home to some of the biggest global food companies. Brazil is a major world player in terms of food commodity exports and internal production. Brazilian food companies are rightly looking for staying abreast of changes in the food industry. Even though for a few years there was tremendous interest from Chinese investors and Chinese strategics in food innovation, but recently that has been extremely quiet."

"Many governments in developing countries attempt to foster agricultural development and innovation," adds Krapivensky of Taylor Wessing. "They do this by setting up funding facilities, extension programs, and research centres and by subsidizing private-sector and farm activities through fiscal measures. The United Arab Emirates, for example, is investing heavily in AgTech, seeking to make Abu Dhabi the global centre for innovation in agriculture. Their focus is on vertical farming, aquaculture, and hydroponics. And they're working to be strategic in attracting investment and solving for food security, while also developing a knowledge economy. In the UK, for example, the Government has announced a further £16.5 million to drive innovation in agriculture. Funding will be divided among the successful applicants of two competitions: the £5.5 million Feasibility Projects competition, and the £11M Small R&D Partnership Project competition."

## Unique characteristics present challenges

### Israel has company – other notably hot jurisdictions

As Gornitzky's Rom points out: "The difficulties in Foodtech in Israel are related to the size of the local market, which is very small, the long distance from the target market, extensive segmentation, heavy regulation with different rules for different territories. Food manufacturers are very sensitive to changes in the product, the production processes and the effect of the substance integrated into their products."

"The difficulties in AgTech in Israel - and in general - are related to the unique characteristics of the field. The field is characterized by extensive segmentation, each crop has different needs and solutions depending on the type of crop, the territory and even the size of the growers. There is no uniform business model or solution that fits all. It is essential that the company carry out a correct and orderly Total Addressable Market (TAM) and Serviceable Obtainable Market (SOM) procedure already in the product development phase to identify the right market for the solution."

### Stronger infrastructure needed

According to an October 2021 report by nonprofit, The Good Food Institute (GFI) Israel and multinational EY, stronger infrastructure for the domestic industry is needed, suggesting approximately NIS 1.4 billion (USD 450 million) will be required over the next 10 years to build the infrastructure to support the local industry in the form of multidisciplinary research centers, technology transfer programs (from university labs to industry), research grants and training, and an additional NIS 230 million (USD 74 million) should go toward building specific innovation hubs for cultivated meat, plant-based proteins, and fermentation tech start-ups.

According to the report, the Israeli government should supply 56% of this funding, or almost NIS 900 million (USD 291 million), and the rest should be drawn from private investments in Israel and abroad. Researchers also estimated that, through the establishment of more food tech companies, the creation of thousands of jobs, possible future acquisitions, and food tech exports, the government could stand to gain NIS 26 billion (USD 8.4 billion)



in tax revenue.

In January 2023, Israel announced its intention to create a R&D fermentation hub to maintain its edge in Foodtech, with the Israel Innovation Authority calling for proposals budgeted at NIS 50 million to build local R&D infrastructure for the production of alternative proteins.

## 'Investment now a necessity'

As Rom of Gornitzky points out: "The development and investment in such fields are no longer an option but a necessity. I expect that government support in the field will increase significantly and more specialized funds which understand the nature of the fields will join the ecosystem."

"As many Foodtech companies tend to integrate and implement several technological disciplines, I believe the market will become more cooperative in nature and the search for synergies and as well as in and out licensing of technology will become a fundamental need for many start-up companies operating in this sector," added Karplus of Shibolet.

"Food and AgTech funding may be down year-over-year, but it remains historically high, and we believe it will stabilize," says Fuss of Taylor Wessing. "Considering a rising focus on ESG topics and a political focus on food security a lot of countries are looking to attract innovation and investments in the Food and AgTech sub sectors. Therefore, we expect that the market will continue to grow."

Agreement seems almost universal on this point. As stated by Amir-Yaniv of Arnon, Tadmor-Levy: "the Foodtech and AgTech industries are constantly growing and maturing. In spite of the obstacles – some of which are common to the broader hi-tech industry - we are witnessing a positive pattern in the expansion and development of these industries. The increased global focus on climate change and sustainability practices together with the uniqueness of Israeli innovations is driving the industry forward."

Many of the innovative companies and investors referenced are likely to be among attendees and exhibitors at the AgTech Israel Conference in Tel Aviv on May 2-3 2023.

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## Jurisdiction Focus

### Cyprus Fireside Chat

## Cyprus Fireside Chat

Much has been written about Israel's growing trade with the Gulf States following the signing of the Abraham Accords in 2020, but next door Cyprus has been moving along steadily for some time. In this edition, we shine a light on Israel's growing relationship with its neighbor Cyprus.

We catch up with [Angelos G. Paphitis](#), Managing Partner of [AGP Law Firm](#), a dynamic, award-winning law firm in Cyprus with a strong international presence: the firm opened a second office in the UAE in July 2022, and one of the rising law firms in Cyprus, [Elias Christou Legal Services](#), speaking to Managing Director, [Elias Christou](#).

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### What are the other opportunities that lie ahead for Israel and Cyprus?


**AGP:** *"Cyprus and Israel have always enjoyed excellent ties in terms of culture, business, collaboration and ideal geographical proximity. There is still room for growth and collaboration on many different fronts, whereby both nations stand to win."*

*Israel is well-known for its forward-thinking, dynamic economy and acute business practices, and Cyprus is well-known for being able to accommodate to the most successful businesses and businessmen from Israel, who have looked to Cyprus in terms of relocating and growing their businesses there within, benefitting from a very low corporate tax regime (corporate tax still stands at 12.5%), a helpful legal system based on the commonwealth structure, with Cyprus being an EU Member State since 2004 all gates being open to other EU Member States. Not only this, Cyprus features an impressive Double Tax Treaty Network, which allows all local and foreign companies to benefit from this regime."*

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### Among the synergies between the two countries, gas is key, while Tourism, real estate and shipping are also among the most prolific industry sectors in Cyprus. What is shaping these sectors? What should Israeli entrepreneurs specifically be aware of?

**AGP:** *"Tourism has by default been one of Cyprus' main GDP contributors, with the obvious advantage of 355 days of sunshine on the island of Aphrodite and roughly speaking 6 months of summer and very warm weather, beautiful*



beaches along all coasts, a wonderful mountainous area uncommon within most Middle Eastern countries, and other wonderful nature, rendering the island between crossroads an idyllic holiday destination for many. Moreover, tourism has proven to be one of the most robust sectors of the Cypriot economy with ample room for investment, both in new and old hotel structures, but also in terms of newly constructed property catering to the needs of HNWIs and UHNWIs.

Taking it a step further from tourism, local construction developers have become highly sophisticated in the structures which they build and sell off to locals or foreigners, but simultaneously also cater to the needs of those looking to permanently relocate to Cyprus, of EU or non-EU status, either in the form of permanent residency, family relocation, company relocation, employee relocation or other. All in all, any savvy businessman looking for a high return on investment, could do very well when investing in real estate all across the island, whether that is commercial real estate, residential real estate, or other. In some areas of Cyprus such as Limassol, where real estate is in extremely high demand both on the corporate and residential front, yield on rent can fetch up to 8% returns on an annual basis and property resale prices can bring in gains exceeding 25-30% in some cases from past pricing. All major cities of the island are experiencing growth, with Limassol being the most expensive but at the same time fetching the highest return on investment, Larnaca now featuring some of the best investment opportunities in terms of real estate, growth and still relatively low prices, and Paphos and Nicosia also experiencing very healthy growth and high demand in housing and commercial buildings.

**Elias Christou:** "Cyprus has been welcoming tourists from Israel and their families for decades, and we see no sign of this slowing down. In recent years, we are seeing more and more a deeper interest in the island in terms of real estate due in part to its proximity (less than an hour flight), low cost of living and ease of obtaining work or residency permit. There has been exponential growth in the number of Israelis making real estate investments either for residence, holidays homes or business purposes.

Furthermore the investment of Larnaca Marina the biggest Marina on the Mediterranean sea by an Israeli private company its described to be one of the major investments on the island. The Marina will change the seafront of Larnaca creating business opportunities and providing work for the local and foreign population."

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## In cultural terms, how would you describe the two countries with regards to law firms and lawyering?

**AGP:** "Generally speaking, both countries feature excellent law firms, which can prove to be mutually beneficial to both nations and their respective legal service offerings. Israel is a well-known hub for tech business and outstanding unicorns, and Cyprus is now a well-known hub for its growing tech sector, shipping, natural gas and much more.

Since Cyprus is part of the EU now (since 2004) it can very strategically be utilized by Israeli companies which wish to relocate to Cyprus as an entry into the European Union, not foregoing the ideal geographical proximity, ease of doing business, fluency in English, and all around very friendly ties the two nations have been maintaining for decades now."

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## In terms of level of talent, creativity, technological or entrepreneurial passion, how are the two countries similar or different?

**AGP:** "Israel is well known for featuring the fastest growing tech sector in the region (at competitive rhythms to those of Silicon Valley) but also has an outstanding growth rate in terms of all the unicorns which grow and succeed in Israel. Cyprus is now becoming an ideal destination for tech companies to headquarter to, with ideal corporate taxation at 12.5%, a great flexibility from the government in terms of the number of third country nationals which tech companies are allowed to hire, ample individual taxation benefits on high earning high level employees of firms of this type, etc.

Israel has a lot of tech talent and know-how, but it could greatly benefit from relocating firms to Cyprus in terms of taxation, favorable EU allowances and other."

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## What have been the major commercial transactions between the countries over the last 2 years? What interest do you see from your clients?

**AGP:** "Israeli investors and businessmen alike have always favored Cyprus as an ideal business hub, one of them being the very famous billionaire Teddy Sagi who has invested a great deal in the island, with the Labs Tower in Nicosia being a prime example of an iconic building in the heart of the capital, and attracting business all around."



## Which major events should Israeli or Cypriot investors should be aware of for networking or thought leadership? Which do your clients like to attend?

**Elias Christou:** "Cyprus and Israel share a long history of bilateral relations which have grown even stronger in recent years following the signing of The East Med gas pipeline agreement in 2020."

Together with Greece, Cyprus and Israel are working together on natural gas pipeline projects. Cyprus, Greece and Israel have agreed to build the world's longest and deepest underwater power cable that will traverse the Mediterranean seabed and link their electricity grids. The project, called the EuroAsia interconnector, is expected to be completed by 2024. The inauguration ceremony on the start of the construction works of Interconnector was held in October 2022 at the Presidential Palace in Nicosia.

**Elias continues:** "It is well known that the two countries collaborate mainly on military, security, tourism, and more recently on the growing FinTech Industry. The Chambers of Commerce in Israel and the Chambers of Commerce in Cyprus are both very active and regularly hosts each other's business delegations. In fact, we attended an event earlier, hosted by the Cyprus-Israel Business Association on the topic of Israel's leading position in Artificial Intelligence in the region."

## Data Coverage



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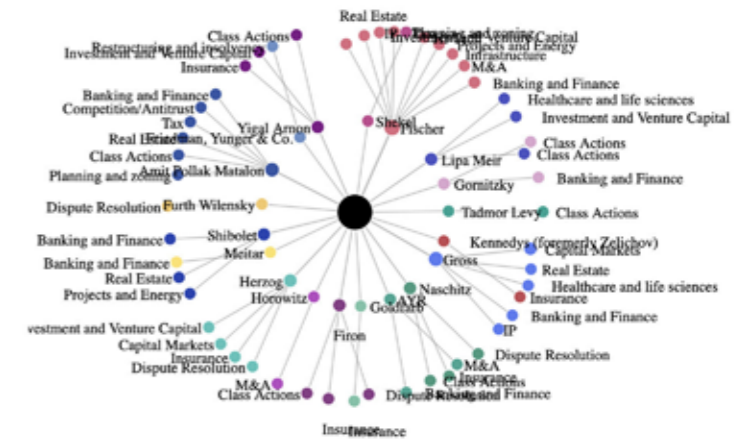
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Marketing efficiency with respect to collecting legal ranking results, analysis and comparison to other law firms and individuals.

Gain insights into competing law firms, by viewing filtered information into their client base, panels, deal flow, sector strength and more.

Legal BI is a dynamic and flexible tool that gives you actionable information, never previously available, and vital for any legal professional interested in legal business, in general, and in legal marketing and business development, in particular.



# Recent Market Trends

## Law firm merger mania in Israel

## Law firm merger mania in Israel

In a market where there are more lawyers per capita than anywhere else on Earth, it is not surprising there has been a spate of law firm mergers in Israel, but none more so than in the last couple of years. Why and why now?

The merger between [Goldfarb Seligman](#) and [Gross](#) (to be called Goldfarb Gross Seligman) catapulted the combined firm to the coveted number 1 spot – in terms of size - with more than 520 lawyers, leapfrogging [Meitar](#) (appx. 470 lawyers) [Herzog](#) (appx. 450 lawyers) and [Arnon, Tadmor-Levy](#) (itself a recently merged firm with approx. 420 lawyers), three of the industry's most recognized shining lights. As we were about to publish, another merger [Naschitz Brandes Amir](#) announced it was uniting with Shenhav Konforti Rotem & Co., giving the merged firm appx. 240 lawyers, coming in at number 9.

The merger between [Goldfarb Seligman](#) and [Gross](#) was negotiated over several months. The Goldfarb Seligman team was led by [Tal Atzmon](#), [Levy Amitay](#) and [Amir Tzafrir](#) and the Gross team was led by [Esther Koren](#), [Aya Yoffe](#) and [Dr. Ayal Shenhav](#).

For the new [Goldfarb Gross Seligman](#) firm, the response has been “extremely positive,” according to the partners who led the unprecedented transaction “Our merger was just announced, overall reception in the market has been extremely positive and also internally the teams in both firms are excited.” The merged firm practice areas will include four central pillars with over 100 lawyers in each pillar. These pillars are International Transactions and High-tech, Israeli Corporate, Mergers & Acquisitions and Capital markets, Real Estate and Litigation. The merged firm will also have substantial practices in related areas of law including Taxation, Banking and Finance, Labor Law, Administrative Law (including local authorities and tenders), Intellectual Property (IP), Energy and Infrastructure, Antitrust and Environmental Law (including ESG).

[Dr. Ayal Shenhav](#), [Ashok Chandrasekhar](#) and [Rick Mann](#) who will Co-Head the International, Corporate and Hi-Tech Practice at the new firm explain why they are thrilled about the merger between the two firms “*Goldfarb Gross Seligman will be a true powerhouse for all cross border transactional*

work outbound from Israel and inbound into Israel. The combined firm includes a group of over 100 attorneys (of which over 40 are partners). This group has decades of experience including many partners who practiced in leading global law firms before moving or coming back to Israel. The firm represents a large number of startups, publicly traded companies, investment funds and international investors playing in each area of international practice.”

Nishlis notes that the Israeli legal market has seen many mergers over many years. The merger phenomenon is not new. Notable mergers in the past include Goldfarb with Seligman, Meitar with Leshem, Meitar with Kantor, Gross Hodak Greenberg with Kleinhendler Halevy and more. In recent years we see larger mergers as Israeli law firms have grown. In the past most mergers were between large firms (over 200 lawyers) and small / medium size firms (20 –80 lawyers). Now we see mega mergers.

In March 2022, another mega merger. Yigal Arnon and Tadmor Levy merged, with a synergy of the two firms creating a strong force on the Israeli legal scene. In announcing the merger, the merged firm’s management said: *“This is Israel’s largest ever law firm merger.”*

Until now.

The trend of mergers between law firms has in recent years led to the disappearance of medium-sized firms, with these changes stemming from the understanding that business continuity requires change and joining firms together provides the "One Stop Shop" and a variety of services for clients and will be beneficial to attract high-quality personnel and for large clients.

In December 2022, [Agmon & Co. Rosenberg Hachohen & Co.](#) announced its merger with [Tulchinsky Marciano Cohen Levitski & Co.](#), with approximately 180 lawyers, with offices in Tel Aviv, Jerusalem, Beer Sheva and Sydney, Australia. This merger boosted the firm’s presence in the technology & life sciences sectors, expanding the firm's commercial offering in the VC and high-tech sectors, among many others.

In recent years, [Hamburger Evron](#) merged with [Erdinast Ben Nathan, Toledano & Co.](#); [S. Friedman & Co.](#) merged with [Efraim Abramson](#), the [Fisher](#) law firm added the [Zeev Hollander](#) firm, and the [Eitan Mehulal](#) firm broke up and its lawyers split between [Fischer](#), [Gornitzky](#), [Barnea Jaffe Lande](#) and [Naschitz Brands Amir](#).

Any merger will be the result of mix of reasons, discussed and debated (often in secret) by a law firms' partnerships. We don't pretend to have access to the most secret concerns of law firms' top brass, but in our view, there are key drivers for why law firm mergers happen: going global, going national, entering new markets, practice expansion and economics of scale.

Among the reasons for mergers, there are:

- 1. Increased geographical reach** – many firms may want to expand their combined reach into regions and jurisdictions where their clients operate.
- 2. Increased sector presence** – a firm wants to diversify the practice areas it already covers and combine the synergies of the two firms. Each firm wants to be a true one stop shop. This means having a Tier 1 practice in all key practice areas including Israeli Corporate and M&A, International Corporate and M&A, Hi-Tech, Real Estate, Litigation, Tax, Labor Law, IP, Environmental Law and ESG, Antitrust and more. Many firms have practices in all of the above areas but not Tier 1 in all areas.
- 3. Improved market position** – a firm wants to solidify its position and it will strengthen its position by joining with another, to increase its potential when bidding for the most sophisticated work. In addition, diversification in changing markets is key: A larger firm has a more diverse practice, so it is less dependent for example on strong hi-tech, strong capital markets, changes in real estate etc.
- 4. Attracting Talent:** The legal market is working hard to attract and maintain talents. Many young attorneys prefer to move to hi-tech companies, others prefer to work as in house counsel, each firm wants to hire top students and retain them for many years. Mega firms have a better chance of attracting and retaining top talent. These mergers, while they come with many challenges, present a raft of opportunities for young attorneys – such as access to different types of work and new clients; enhanced learning and development opportunities.
- 5. Another key driver is economics of scale.** A larger firm can provide a large conference center, strong marketing, strong finance team, strong HR teams and more general services for the firm wide platform.

While there can be many benefits to lawyers and clients, a 2016 blog from LexisNexis discussed the importance of managing the process carefully. It says: “Some firms focus too heavily on operational issues – eg, billing and

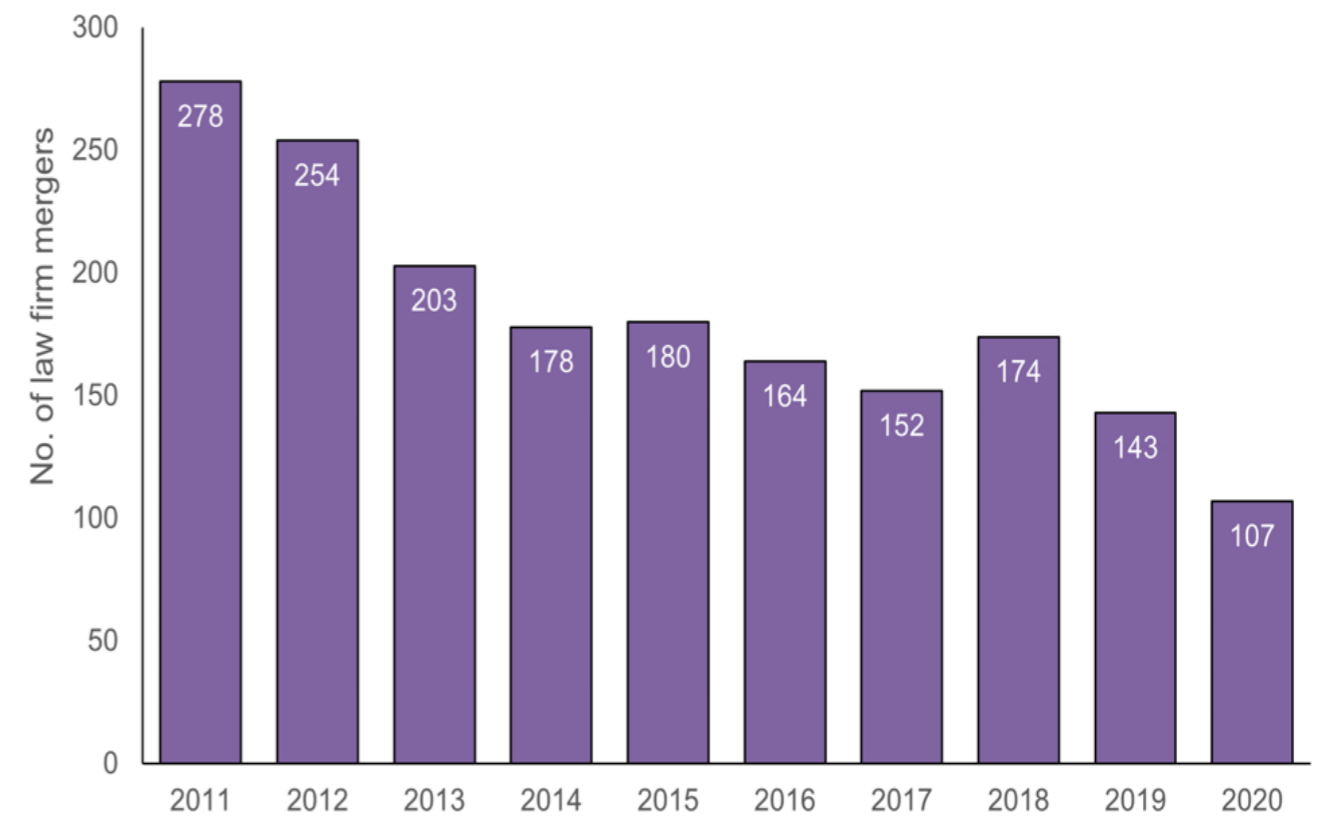
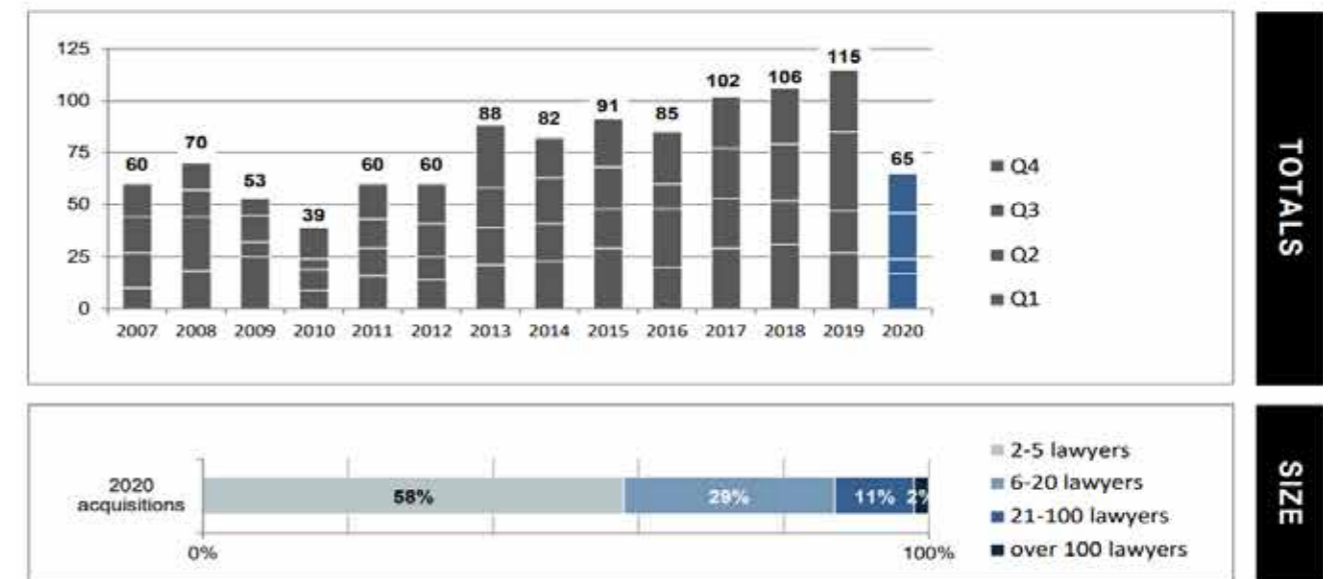
IT systems – and fail to spend enough time in advance on “client strategy (eg, account management, conflicts management, practice development and industry focus) and a firm’s culture and people (eg, agreeing common working practices, keeping and developing its joint talent)”.

When looking forward a senior partner from one of the leading firms adds: *“I think more mergers will follow with a handful of firms eventually emerging which will be much larger than others. I think clients will be seeking to use the mega firms for transactional work and regulatory work. Smaller firms will continue to thrive in niche areas such as tax, litigation, family law and more. I also think mega firms will seek new growth engines including advisory services on non-legal matters leveraging their brand, resources and connection with key clients.”*

*“The Israeli legal market is changing rapidly,”* adds [Idan Nishlis](#), CEO of [Nishlis Legal Marketing](#): *“I can imagine scenarios that have never been relevant till now, such as: an international law firm merging with an Israeli firm (such as Kennedys and Zelichov last year) and a triple merger.”*

Nishlis adds: *“Mergers among law firms is obviously not a new trend, but it did pick up in 2022, in the wake of the global challenges and current legal trends. Between 2019-2021, there are approximately 40 mergers (including departments leaving a firm to join another), in Israel. In 2022 we might have seen fewer mergers, but nonetheless, much bigger ones – including law two top-30 law firms that dissolved. It is interesting to see that in 2019 and 2020 there were 180 law firm mergers in the US (see graph below) and 250 law firm mergers in the UK (see graph below). With the US and UK legal markets much bigger than the Israeli market, we can see how dynamic the Israel legal market is, and at the same time attune with global legal market trends.”*

These are interesting times.



# A growing interest in Israel - 2023 Israel Business Development

## Recent Market Trends

## A growing interest in Israel - 2023 Israel Business Development

Ten years have passed since Israeli legislation first allowed law firms that specialize in the law of a foreign country to open in Israel. In an article featured in Israeli financial paper "Globes", on the third anniversary of the legislation, it was said that "one can hardly say that the large international law firms have swamped the Israeli market, but nevertheless some notable names have opened modest representative offices here." At that time, 12 international law firms had representative offices in Israel, according to data collected by [Nishlis Legal Marketing](#). Furthermore, an estimated 90 law firms had an Israel Desks, mostly U.S. law firms.

### Number of Israel Desks doubled in a decade

Fast forward ten years and the numbers have nearly doubled. According to recent data, compiled by Nishlis Legal Marketing, there are 160 law firms with an Israel Desk, out of which 22 have presence in Israel.

Interestingly, Covid-19 pandemic accelerated Israel business development dramatically. In 2020 there was an estimated 130 international law firms with an Israel Desk, 17 actually in Israel. This translates to an increase of nearly 40% of international law firms on the ground and 23% jump in international firms with an Israel Desk.

### Why did more global law firms take a greater interest between 2020-22?

There were three principal factors at play that attracted foreign firms:

1. Israeli firms became more sophisticated and strategic with regards to their international business development and referrals. Until 2019, there were a handful of Israeli firms that had the bulk of the referral work and most of these firms referred the legal work in a tactical manner (who do I know that I can refer to). Only then did firms start to treat their referrals more strategically and allocate them by various criteria, collect and track the data.



2. Covid provided new opportunities for Israeli companies globally. Aside from the obvious rise in the Healthtech/Medtech, sector, there were two other sectors where Israeli companies dominated. With more of business and life going online, there was a greater need for cyber security and fintech (with related practices such as data privacy and protection). This saw sizable legal activity, outbound, such as investments, M&A, regulation and capital raising.
3. More Israeli law firms engaged in outbound work. Closely related to the second point, once clients are seeking global mandates and pursuing opportunities outbound, law firms representing them need to follow through. Thus, law firms who were previously domestic by nature (mostly mid-sized firms), found themselves referring work and collaborating with international law firms.

## IsraelDesks 2022 Infographic

by NISHLIS LEGAL MARKETING (SETTING THE BENCHMARK)



Join **IsraelDesks** group on LinkedIn to expand your network

As can be seen in the 2022 IsraelDesks infographic, there are 160 international law firms with an Israel focus: 100 firms have a proclaimed desk/practice (and 617 lawyers are affiliated to those firms) and 60 firms unofficially have Israel capabilities. Nonetheless, all 160 firms have referral work and close relationships with Israeli firms and companies. 70% of those law firms are U.S. based, 20% UK-based, with the remainder spread around the world.

## Is this growth justified?

Well, yes - the numbers back this up nicely.

According to Nishlis Legal Marketing's IsraelDesks platform, there were 1,868 referrals in 2021, in data collected from 40 international law firms (mid-size to large) across 11 main practice areas. This referral data relates to only a quarter of the global law firms involved, so the real number will be far higher.

On a wider macro view, the market has returned to consistent growth, albeit not the numbers from 2021. Foreign investors are investing in earlier rounds and leading U.S. venture capital firms have continued to invest in the Israeli ecosystem since 2020. Furthermore, Israel has maintained its ranking as the 5th largest tech ecosystem worldwide and at 2nd globally in producing new unicorns.

In summary, we see a constant rise in international law firms opening an Israel Desk and we are often approached by these law firms who are exploring their next steps – including how to open a rep office in Israel. With the increasing amount of work (e.g. referrals), more Israeli law firms involved, and the growing sophistication of the market, we would expect this trend to continue.

# Recent Market Trends

## Israel High-Tech Activity Report

# ISRAEL 2022 HIGH-TECH ACTIVITY REPORT

### ISRAEL RELATED EXITS

2020  **\$15.4B**  
in 60 exits  
including large deals  
\$6.03B excluding largest exits

2021  **\$25.45B**  
in 259 exits  
including large deals  
\$22.2B excluding largest exits

2022\*  **\$13.4B**  
in 100 exits  
including large deals  
\$7.38B excluding largest exits

### CAPITAL RAISED

**\$10M**  
number of deals  
607  
average deal price  
\$17M

**\$25.6**  
number of deals  
773  
average deal price  
\$33.1M

**\$12.3B**  
number of deals  
538  
average deal price  
\$22.9M

### PRIVATE EQUITY DEALS



5 BUYOUTS

2022\*  
**\$868M**  
aggregate exit value

### MOST ACTIVE VENTURE CAPITAL FUNDS 2021 by number of deals

- Insight Partners - 37
- OurCrowd - 35
- Vertex Ventures - 16
- Entree Capital, NFX - 15
- Pitango, Tiger Global, Jibe Ventures, iAngels - 13

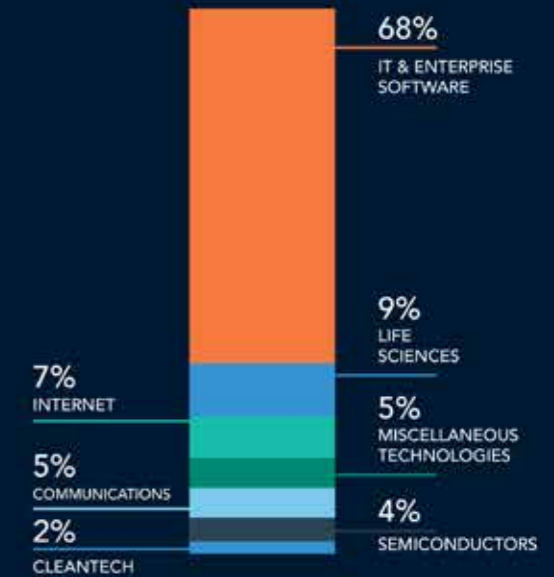
### M&A: AND IPOS – BUYERS BY GEOGRAPHY AND TOTAL VALUE



### NUMBER OF M&As



### SECTORIAL BREAKDOWN



## Expert Insights - Key trends for 2023

# Recent Market Trends

## Expert Insights - Key trends for 2023

We've got a knack for this. With a jam-packed team of media, business and legal experts, we find ourselves at the forefront of legal comms and marketing. Working with leading domestic and international law firms across 14 jurisdictions, we are not only attuned to the latest market trends and the challenges faced, we also know how you can prepare for these.

We pride ourselves in collaborating with outstanding lawyers worldwide; we recognize what motivates them and can pinpoint the imminent opportunities in the sector.

[Nishlis Legal Marketing](#) is more optimistic than ever before! With 2023 underway, our experts are eager to share their insights and predictions.

### **Will 2023 be your breakthrough year?** Idan Nishlis, CEO

There will always be turbulence within the legal sector. With good planning however, any crisis can be anticipated and managed. By taking the time to reflect, plan and adapt, you are putting your firm into an excellent position to help deal with anything that is thrown at it.

Let 2023 be your breakthrough year!

To name a couple, in-person networking and business development have been gradually returning to pre-pandemic levels and this carries many implications, however this also creates many opportunities.

- Law firms that have adjusted to a digital-first marketing strategy are seeing results
- In a digital and online world, there is more data to analyze (which can lead to more opportunities) and more of a firms' lawyers can now be engaged in the marketing and business development of the firm, as they are more attuned to online networking and connectivity

- Having the right technology will be critical to compete for business and those who took the time to invest now have a competitive advantage
- The way firms conduct business development has changed. During crisis clients seek stability and empathy and client service is now among the most important factors when hiring a law firm
- Law firms, specifically domestic firms, are in greater need of expanding their International referral networks. The traditional method of attending annual legal related conferences as the main source of international business development, which is tactical in nature. This is being replaced with other possibilities and perhaps for the first time, international business development is becoming much more strategic

The legal sector has for the most part been stable, compared to many other industries, as legal work is needed during times of crisis, as they are needed during times of fulfillment. Due to this stability, marketing and business development must not be cut down, but kept at a constant pace in order to help the firm stand out in the market and lead.

## Global Business Development Trends

### Lee Aloni, VP Global Business Development

In the mid-1940s, Winston Churchill is quoted as saying: " Never let a good crisis go to waste." An inspiring quote after the most unimaginable challenges faced by yesterday's generations. Today, faced with a different barrage of intense challenges, businesses must not merely confront the reality of where we are, but turn up the dial of creativity, innovation and lateral thinking to find business development opportunities that are not on standard roadmaps.

In our daily business life, we are often guilty of not challenging the norm and taking the road most travelled. It seems like we aim to be satisfied with following standard procedures and protocols to achieve the best and fastest KPI's as possible.

It takes insight and courage to question the strategy, to challenge the status quo, and explore a whole new world of opportunities that are out there. However, in times of crisis, there is more boldness and opportunity for law firms and businesses to take new approaches.

Why does global Business Development matters in a volatile world and global recession?

As we emerged from 2022, we find ourselves at a crossroads. We believe strategic reviews should not be reserved only for times of trouble. Here, we provide 5 tips on how to scale up your business in choppy waters.

- Training and educating your global team
  1. Culture eats strategy for breakfast – Make sure you know and understand the country and its personal business ethics and habits.
  2. Law Firms don't go global – Lawyers do! – Train your team to develop a global mindset which will lead to a global network and pipeline (International conferences, roundtable discussions, professional articles).
  3. Personal coaching to break any glass ceiling.
- **Execution is everything** – Make sure you have the best human capital possible to explore global challenges, understanding the market trends, looking for a new funnel globally.
- **New Era** – New Rules – adopt a business strategy that is also agile to market changes.
  1. Customers success – build a strong connection with existing clients, reach out to them, and offer them support and help with their business challenges.
  2. New reach outs every month on a Quarterly basis – try to make sure to have at least 2-3 new leads every month.
  3. Social Media exposer (LinkedIn, FB, Instagram, Twitter) – make sure to be there with your deal flow, professional articles, and other engaging, high-impact pieces, etc.
  4. Exploring the Referral network – Target your markets and stay connected to all law firms within your tier to make sure referrals will come your way on a regular basis.
- Know your global ecosystem – Get involved!

If you have a particular international specialty, such as Capital markets, Fintech, Life Sciences, etc. make sure to stay connected to that particular global ecosystem to stay up to speed with new trends, conferences, companies, business communities. Setting your global benchmark in today's world seems to be the right thing to do and to follow.

It's not easy to own your own pipeline, spend less on resources, and still deliver results. Fortunately, expecting more from your team doesn't have to mean working longer days or micromanagement — leading to inevitable burnout and costly turnover. Instead, you'll need a plan to orchestrate this cultural shift, enable everyone on your team to be a top performer, and use technology that helps your team ramp up deal velocity — without creating more work along the way.

We believe strongly in these five recommendations and that they will help you and your team to reach the heights to which you aspire, even in times of crisis. We are here for you, and to help tailor your objectives, shape your plans, and deliver your results.

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### **Social media marketing for businesses and law firms is a true game-changer, whether you like it or not, it is here to stay and... it's GROWING!**

Eleni Chalkidou, Director of Strategic Communications

Let's be candid here for a moment: A potentially imminent recession (you heard it here first), the cost-of-living crisis coupled with a decline in consumer spending and a worryingly mounting inflation, makes law firms think twice about where to invest their money when promoting their skills and marketing services.

So, before you make those cuts in the marketing budget, know this: Social Media marketing will endure; therefore, the name of the game is you must adapt to last. Here are the top three social media trends you will see more of over the next 12 months and some pointers on how to make the most of them.

1. Collaboration with market influencers will become as important as industry communities. 2023 will see an increase in law firms and businesses working with influencers but also building on their community industry groups.

**Pointers:** Find an influencer by LinkedIn endorsements, follower calibre & numbers and by monitoring their industry relevant posts and conversations.

**Ask:** Can we produce content in collaboration? If yes, explore further until you find the correct fit for your law firm. Also: How do I create a community group that will debate the latest industry trends to attract interest?

2. Social media direct messaging (DM) and chats are now the top method of engagement. Direct messaging via social media and chat groups will grow further and is seen as an acceptable way to reach out to stakeholders.

**Pointers:** If your team members are new or not active on social media, provide workshops for them to teach them how to engage their audience through social media platforms.

**Ask:** How can I engage and connect with relevant audiences on social media to help me stay informed about trends in my industry?

3. Pick personal over bulk email marketing. No, email marketing is not dead. But if you want to connect with your clients on a more personable level, use social media platforms to humanize the tone of your content.

**Pointers:** Nobody wants to see a self-promotional message, but most will appreciate informative industry trends and developments (that also show off your expertise.)

**Ask:** Is the language I use natural and transparent? Does my content tell a story that evokes emotions and is relatable? Do you appreciate and thank your team?

If you have any questions about any of the above, get in touch via my DM. (See what I did there?)

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### **Content Trends for 2023**

Lee Saunders, Head of English Content

Whether you're a seasoned professional or just starting out in 2023, there are a few trends relating to content for law firms to be aware of.

#### **Lights, Camera, Action**

While video has often been king in many industries – with users watching a 19 hours of video content each week – but in the legal industry, it appears to be largely untapped by most. Expect to see more short, insightful videos on a range of platforms this year. Short-form video is great for your brand. You can produce more content in less time — plus, viewers are more likely to engage with a shorter video that gets straight to the point.

#### **High-Impact Content**

There will always be routine content showcased but corporate clients will expect more high-impact content to capture their attention in the labyrinth of LinkedIn. High-impact will include displaying milestone transactions and precedential cases but briefly and clearly explaining why.

### **Humans work with Humans**

Lastly, don't be afraid to show empathy and human-focused content. Many law firms have often struggled with showing their human side to their audience. But with users increasingly turned off by overly promotional content that reads like advertising, remaining authentic and human is more important than before. Following COVID-19, clients want genuine connections, as well as the vital commercial, legal and technical knowhow.

With the next generation of clients and decision-makers interested in the myriad of global challenges we face, it will be important to genuinely highlight social responsibility in your content – including environmental initiatives, social equality, and much more.

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## **Long-awaited directory submission changes bound to have positive firm impact**

Adina Cutler, Head of Submissions Department

After years of working with the most sophisticated, international legal directories, we at Nishlis Legal Marketing are pleased to report that at long last we are witnessing some impactful changes that actually make a significant difference to law firms.

Gone are the days where changes were minor and limited to research form tweaks and small moves within ranking tables.

The Nishlis team is particularly pleased to see an expansion in practice areas and jurisdictions covered. It's fantastic to see that Editors are incorporating and considering those countries that have now established their legal and business markets.

An item that was being considered for a while, which will please law firms, is the expansion of sub-category practice rankings.

Conversations have highlighted that directory researchers are also looking to deepen their understanding of firms participating in the research to understand their efforts in promoting EDI (**E**quality, **D**iversity and **I**nclusion). With that in mind, and we can hardly contain our joy, firms are now being

asked to include female partners in the phone interviews. We welcome this as it's in addition to the Diversity and Inclusion section which has featured on the research forms over the last couple of years. While it is true that the ration of men to women and the EDI section do not affect a firm's rankings at all, it is still advised to include this information where possible, as this is the kind of information legal directory users are seeking when trying to make socially responsible decisions.

Finally, we were extremely pleased to see the efforts made by researchers to obtain feedback on younger Partners and Senior Associates. This is reflected in the specialized individual ranking tables within the various research templates and the resulting increase in individual ranking categories.



# Recent Market Trends



## Cybersecurity in the Health Sector – The Way Forward

Adv. Vered Zlaikha, Partner, Head of Cyber Affairs & Artificial Intelligence, Lipa Meir & Co.



**Vered Zlaikha**  
Partner, Head of Cyber Affairs & Artificial Intelligence

The health sector has been one of the most vulnerable sectors to cyber attacks globally in recent years, and this pressing topic continues to capture public attention worldwide. Implications of cyber attacks for this sector may be severe (or even fatal) in terms of human life. **Health organizations may have to deal with growing threats, with limited resources to defend themselves.** Due to a cyber incident occurred in a hospital in Israel by the end of 2021, and steps taken by state authorities, this topic has also led to developments in Israel in recent months, including on cybersecurity regulation and sectoral standards, as would briefly described below.

On October 2021, Hillel Yaffe hospital in Israel had been a target to a major ransomware attack. As reported, although the hospital apparently kept operating as usual (except for unurgent surgeries) and critical equipment kept working as usual, the hospital had been reportedly using alternate systems for its treatments, including writing patients' information down by hand<sup>1</sup>. In a conference hosted by the hospital and the Ministry of Health in June 2022, it has been revealed that the costs of the incident had reached 36 million NIS (approx. 11 million USD), to cover the reconstruction of the hospitals' information and communication technology systems, the technicians hired for the mission, loss of revenue, delays in elective medical treatments etc.<sup>2</sup> The

<sup>1</sup> <https://hy.health.gov.il/eng/?CategoryID=23&ArticleID=891>

<sup>2</sup> <https://www.jpost.com/breaking-news/hillel-yaffe-hospital-targeted-by-ransomware-attack-681842>  
<https://www.calcalist.co.il/calcalistech/article/hkdxk9kt9>

## Cybersecurity in the Health Sector – The Way Forward

incident has enhanced public discussions on cybersecurity in the health sector, and what lessons could be learnt.

In May 2022, the State Comptroller's Office released a detailed report, examining cyber defences in the health sector<sup>3</sup>. **The findings in the report pointed out several elements in health organizations' preparedness, highlighting the need to maintain cyber hygiene and data protection procedures throughout the lifecycle of medical devices** (e.g. requiring cybersecurity checks and approvals before the purchase of new medical equipment; conducting periodic penetration tests and cyber risks surveys). The report also stressed the need that health organizations allocate sufficient resources for cybersecurity in terms of governance and budgets, as well as put in place detailed incident response and recovery plans. The report has also examined the steps taken by state authorities, and urged the Ministry of Health to issue complete cybersecurity regulations.

The Ministry of Health has issued a **new comprehensive regulation on the Fundamentals for Cybersecurity of the Health Sector**<sup>4</sup> during March 2022, updating and supplementing previous regulations it had issued before. The new regulation addresses **a range of responsibilities and duties of health organizations, starting with designing corporate governance mechanisms and cybersecurity strategies and policies, as well as risk management frameworks**, to ensure that cybersecurity risks get the proper resources and attention. It lists cyber hygiene demands both at the management and the technological levels. Those include also cybersecurity requirements in relation to outsourcing or purchasing from external suppliers, with references to cybersecurity standards ISO 27001 and ISO 27799 required from certain suppliers. This new regulation also stipulates mandatory breach notifications by health organizations in relation to cyber incidents.

**The regulation on the Use of Cloud Computing in the Israeli Healthcare System** (hereinafter "the Health Systems' Cloud Regulation") is another contemporary regulation the Ministry of Health had issued earlier (February 2021)<sup>5</sup>. The Health Systems' Cloud Regulation requires that health organizations conduct a risk assessment survey prior to taking a decision to use Cloud Computing, with the involvement of the

<sup>3</sup> <https://www.mevaker.gov.il/sites/DigitalLibrary/Documents/2022/2022.5/2022.5-204-Medical-Cyber-Taktzir.pdf>

<sup>4</sup> [https://www.health.gov.il/hozer/mk06\\_2022.pdf](https://www.health.gov.il/hozer/mk06_2022.pdf)

<sup>5</sup> [mk02\\_2021-en.pdf](https://www.health.gov.il/hozer/mk02_2021-en.pdf) (health.gov.il)  
<https://www.gov.il/en/departments/policies/mk02-2021>

ministry of health (Sectoral Cloud Committee) in case risks are found to be high. Furthermore, when a positive decision had been made to use Cloud Computing, it requires that the health organization settle the Cloud service provider's cybersecurity conduct and obligations, as well as provide for supervision mechanisms by the health organization, in the agreement between the parties.

**The recent year may therefore serve as an opportunity for advancement of the cybersecurity resilience in Israel health sector**, with the combination of a major cyber incident in a hospital and its lessons, the State Comptroller's newly report with conclusions and recommendations for the sector, and new regulatory steps taken by the Ministry of Health to delineate concrete and updated obligatory guidelines for the sector. Cyber threats in this sector are expected to keep evolving together with new technologies, and the regulatory steps will obviously have to be updated from time to time. But health organizations should seek to learn the lessons obtained and implement the regulations in force. **Considerations of compliance and minimizing risks of legal exposure in the case of the health sector carry broader dimensions** with respect to some other sectors, as they may involve direct implications for human lives and wellbeing.





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