

Israeli start-ups meet Crossroads

Two venture capitalists seek lower risk, even at the cost of lower reward.

Noa Parag 9 Jan 08 16:40

[Crossroads Ventures](#) founder and managing director Robert Goldberg is visiting Israel this week to meet start-ups, mostly in the Internet field, which could make impressive exits within a short time. He says that Israeli companies have huge potential, and that it's easy to spot the unique Israeli culture in all of them.

Goldberg was invited by Yoav Leitersdorf, the managing partner of [YL Ventures GP Ltd.](#), which he founded in April 2007.

Venture capital funds usually make long-term investments in expectation of making exits only after several years. This method is highly uncertain since a great many start-ups end up closing down. YL Ventures, which raised \$30 million, applies a different investment strategy. Leitersdorf prefers making short-term investments and achieving quick exits of \$20-50 million at lower risk.

In order to minimize the risk, Leitersdorf seeks to meet potential buyers in the US, such as Microsoft Corp. (Nasdaq:MSFT), Yahoo Inc. (Nasdaq:YHOO), and Google Inc. (Nasdaq:GOOG), in advance to check out their interest in a company that is a potential candidate for investment. On the basis of these meetings, he decides whether to invest. YL Ventures' usual investment is \$500,000 to \$2 million, in order to make an exit within two years. The average time to exit in the venture capital industry is 5.8 years.

Leitersdorf has examined more than 500 start-ups to date, and met more than 200. He and Goldberg will visit ten start-ups; four of which Leitersdorf is prepared to name: [ClickTale Ltd.](#), [LabPixies Ltd.](#), [SimplyGen Ltd.](#), and [TVinci Ltd.](#)

YL invested in ClickTale a month ago, and it is the main reason for Goldberg's visit. ClickTale is a hosted service that enables websites to record and watch movies of their users' complete browsing sessions, including mouse movement, every click and every scrolling action. Leitersdorf says that the company has great potential for an exit within two years.

Leitersdorf resides in Amsterdam. He manages YL together with Comverse co-founder Boaz Misholi, Karl Allmark, and John G. Quigley. Leitersdorf does not wait for companies to call him; he invests a lot of time reading technology blogs from around the world, especially those that focus on Israeli companies, in order to spot the next big thing. He says that the best time to invest is when an entrepreneur has a good technology idea and has a product that is ready or almost ready. In addition to Israel, Leitersdorf looks at companies throughout Europe.

Published by Globes [online], Israel business news - www.globes-online.com - on January 9, 2008

© Copyright of Globes Publisher Itonut (1983) Ltd. 2008