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OmniVee sold to DVTel for \$6 million

By [Oded Hermoni](#)

The startup OmniVee, which develops and markets platforms for combining video streams from remote security surveillance cameras, has been sold to DVTel, an American company with worldwide interests. All 20 OmniVee employees have been absorbed by DVTel's research and development center. The deal, estimated at \$6 million, will bring a handsome yield on the \$600,000 invested in OmniVee since it was founded in 2003, to its major shareholders, founders Ben Kidron and Eyal Eshed, who own about 50 percent of the shares, and the Ofakim high-tech incubator.

OmniVee's software solution improves long-distance closed-circuit television (CCTV) surveillance by providing a cohesive view of an entire area, in real time, thus facilitating quicker analysis of data provided from several cameras, and the company's products can be easily integrated into existing surveillance systems.

Cooperation between DVTel and OmniVee began a few months ago with an integration project and distribution agreement, and this led to DVTel's offer to buy OmniVee. DVTel has added OmniVee's technology to its basket of products and is planning to invest in the continued development and marketing of the technology.

OmniVee was founded in 2003 at the Ofakim high-tech incubator and had managed to complete the development stage of the product and start marketing it abroad.

"The Ofakim incubator was the right partner for us at the right time," says Kidron, who serves as vice president of marketing and sales. "This is what made it possible for us to progress so quickly."

Yoram Halevy, managing director of the incubator, notes that OmniVee was one of the first companies to be accepted by the incubator after its privatization.

"OmniVee proves that the model of the privatized incubator works," says Halevy. "From our point of view this is an exceptional deal that provides our shareholders with a significant exit. It is also an excellent deal for the state, as all the monies received from the chief scientist are being repaid with interest, and the company's workers continue to be employed in Israel. To the best of my knowledge, this is the first of all the companies in the privatized incubators that is returning its full grant to the state."

Amir Zaidman, the incubator's vice president of business development, adds that the sale of OmniVee was possible thanks to the structure of the privatized incubator, which allowed it to increase

its investment budget and provide financial backing to the incubator's investors.

"Since the incubator's privatization, the quality of the projects has increased significantly," says Zaidman.

Up until three years ago, the incubator project of the chief scientist had not really got off the ground. The investment model created in the early 1990s to offer employment to immigrant scientists was not structured to offer incentives to incubator managers, and was also not suited to entrepreneurs who wanted to sell their startups. This is the main reason that out of some 1,000 projects sponsored by the 42 incubators in Israel since the 1990s, only a handful made significant exits - the most impressive of these being Compugen, an alumnus of the Sde Boker incubator.

Instead of creating substantial job opportunities, the incubators became support centers for scientists and entrepreneurs until the projects ran their course and a lot of public funding went down the drain.

Three years ago the Technology Incubator Authority at the Office of the Chief Scientist decided to revolutionize the incubators and offer appropriate incentives such that they would not only offer facilities to entrepreneurs in the pre-seed stage, but would also enable them to build companies and raise capital later on, and create more jobs. The authority, under the direction of Rina Pridor, initiated a pilot project to privatize the incubators and allow investors, mainly the venture capital funds, to be more actively involved in managing them.

Grants from the state, which until then had been limited to \$300,000, were increased to 85 percent of the investment, with the remainder coming from the incubator and shareholders, who would also be responsible for operating and financing the startup. The shareholders found themselves in an ideal position, risking only 15 percent of an investment and enjoying a budget of up to \$500,000 for two years, depending on the geographic location of the incubator.

If a project failed - and there is a high probability of this during the seed and pre-seed stages - the shareholders would lose only a few tens of thousands of dollars. If it succeeded, they would recoup their investment many times over and repay the grant to the state. When OmniVee was sold last week, it was the realization of the shareholders' wildest dreams. Within two years, with minimum risk, the Ofakim incubator and its shareholders, Capital Point, quintupled their investment.

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