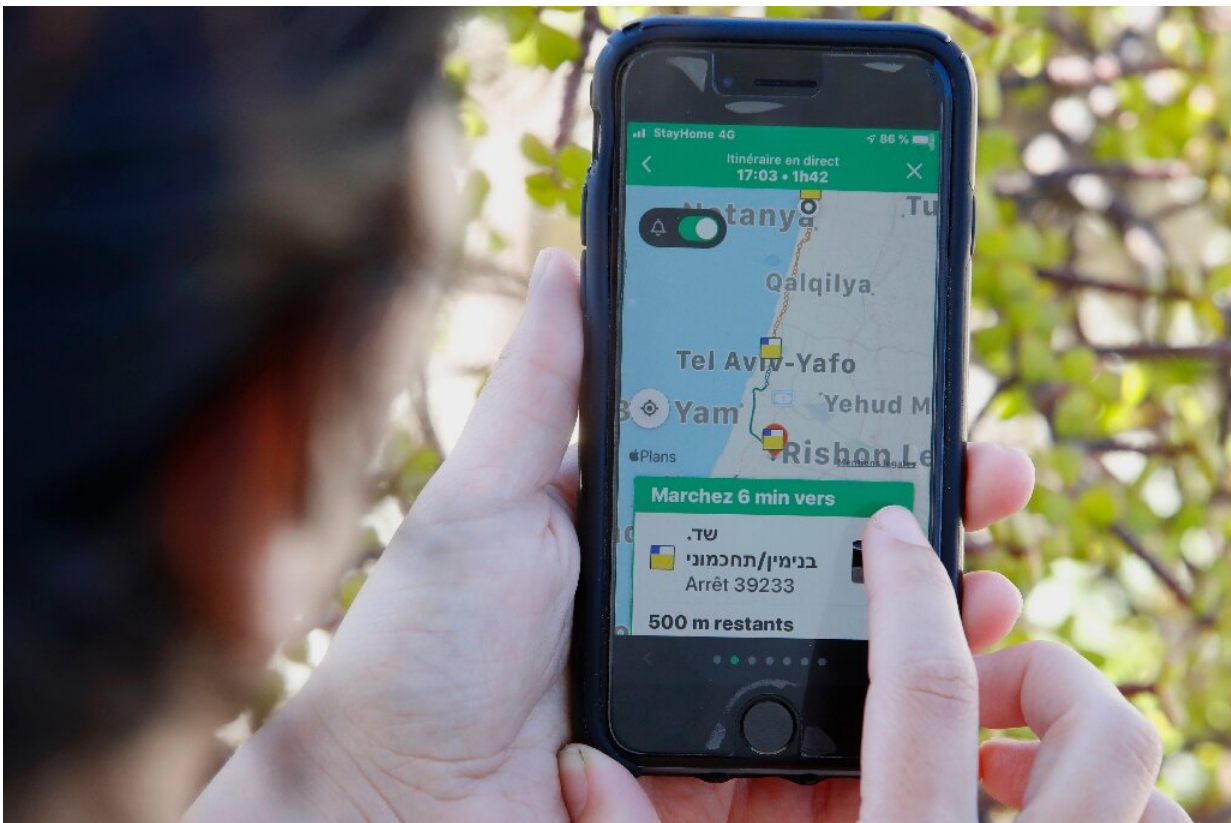


65% of small Israeli start-ups could succumb to COVID-19: survey

May 31 2020



The Israeli tech sector makes up around a tenth of the country's jobs

Around 65 percent of small Israeli start-ups expect to cease operations in the next six months due to the economic impact of the coronavirus crisis, a poll released Sunday said.

The survey, conducted by the Israeli Innovation Authority (IIA)—a state agency that finances [start-ups](#)—and a consortium of tech industries, paints a gloomy picture of future in the self-styled "start-up nation".

"The results of the survey show that many early-stage technology companies are facing bankruptcy, and the industry is not receiving sufficient assistance from the Israeli government," said Karin Mayer Rubinstein, CEO and President of Israel Advanced Technology Industries (IATI).

The high-tech sector accounts for 10 percent of jobs in Israel.

The country's economy was in full swing with unemployment at 3.4 percent in February, before the coronavirus pandemic struck a devastating blow to the global economy.

Joblessness has since surged to a peak of 27 percent, a trend that has not spared Israel's technology sector.

According to the survey of the heads of 414 high-tech healthcare, software, hardware and communications companies, more than a third have put staff on leave of absence during the pandemic.

Israel has recorded more than 17,000 COVID-19 infections and more than 280 deaths out of a population of nine million.

Despite an initial easing of measures put in place to contain the contagion, the morale of some start-ups remains low.

Some 65 percent of high-tech companies with one to 10 employees believe they do not have sufficient resources "to continue beyond six months", according to IIA chief Aharon Aharon.

Rubenstein said that an already approved emergency package of 1.2 billion shekels (\$346 million) for the sector "is not sufficient".

Without new public investment, "we are gravely concerned for a potential collapse of the high-tech industry as we know it, which would lead to an undermining of the entire economy", she added.

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