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## The new philanthropists

Millionaires who survived the burst of the high-tech bubble are making the time to give something back to the community.

By [Noga Tarnopolsky](#)

Two years ago, when Israeli high-tech companies were being sold for hundreds of millions of dollars, the New Israel Fund (NIF) tried to find out if anyone was trying to raise funds among the new millionaires whose names and pictures appeared in the newspapers almost daily.



For 15 years the NIF has operated as an Israeli-American partnership for promoting a variety of social objectives in Israel. It found that many of the nouveau riches - especially the Israeli high-tech community living abroad - were not even being approached. So the NIF formed the Israel Venture Network (IVN) this past February, to approach the high-tech community in Israel and abroad, with the aim of raising funds for various projects.

Yair Sakov, 40, until recently a co-director at AIG-Orion, a venture capital fund, is charged with IVN's fund raising. He says: "If anyone from the high-tech community is interested in social responsibility, I hope the first thing he does is call us up." In Sakov's appeals to potential donors, he underscores the fact that the NIF's social programs are "managed exactly like things are managed in the business world, complete with forecasts, defined expectations, outcome reviews, and everything else."

The first initiative to be launched within the program's framework is set to begin in September in Tiberias. The program is aimed at persuading dropouts to go back to school. About 250 high-tech people are involved in IVN, about one-third of whom live in Israel. Over 50 percent of those living abroad are also Israelis. In addition to donating money, many of the donors will be making their way to the city on the Sea of Galilee to volunteer their time.

Benny Levin, for example, the former CEO of Nice Systems, is spending these weeks holding meetings with principals of local schools. Twenty-three donors have contributed \$25,000 or more to the program. "Others," says Ellen Goldberg, the deputy managing-director of the NIF, "have not yet decided on their contributions, as the project has just begun." In the heady days of late 1990's economic boom when the project was first conceived, the NIF harbored great expectations regarding its potential intake of donations.

"Back then, the capital circulating in private hands was of the kind you see maybe once in a century," recalls the NIF's Israeli executive director, Eliezer Ya'ari. To which Goldberg hastens to add: "There's still a lot of money, and lot of desire to be involved."

### Social circle

Of all times, now - with the headlines on the economic pages predicting a long, severe recession - there has been a steady rise in the number of foundations and non-profit organizations being formed by members of the high-tech community.



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Many of the new millionaires and companies that survived the burst of the high-tech bubble have in the past two years joined the circle of donors to social causes. (For the most part, the new philanthropic organizations eschew traditional charitable organizations such as museums and orchestras). The basic guideline of most of these initiatives is that a prosperous commercial venture owes something to the society in which it operates - something that goes beyond merely employing workers and paying taxes.

Ariel Landau, owner of the Pamot venture capital fund, is also the founder of Fidel, an association that seeks to bridge the gaps between young Ethiopian immigrants and their parents. "People are beginning to understand that a company belongs not only to its owners, but also to the society in which it exists," he says. On the face of it, the flurry of social initiatives defies the logic of the tough times in which the business world now finds itself.

But Yadin Kaufman, director-general of Veritas, a venture capital fund, says he is finding it easier rather than harder to raise funds. Earlier this year, he set up Tmura, an association that aims to promote youth and invest in education. Tmura takes a unique approach - it receives shares from high-tech companies, which can choose the target of their contributions. If the company succeeds, the association profits, at times handsomely. If the company goes nowhere, no one has lost anything.

The idea came to Kaufman after he lectured to a group of Silicon Valley entrepreneurs in California, where a similar fund operates. "It is the ultimate way to involve the high-tech community in philanthropy," he says. "No one was in a hurry to contribute a lot of shares when they thought that tomorrow morning each share might be worth a million dollars. Now, things are a little more realistic. The slump in the market made people realize there are other things in life. Somewhat paradoxically, people are more willing to give now."

Anat Nehemia is the deputy director-general of Zionism 2000, an association founded seven years ago by businessman Ronny Douek, with the aim of promoting social initiatives. Nehemia offers another explanation for the burgeoning philanthropy of the high-tech sector.

"Before the crisis, the whole subject of contributing money had not developed sufficiently in high-tech companies. There were hundreds of companies that simply had not had a chance to formulate their approach toward social responsibility, or even think about it."

### **No Arabs, no seniors**

The window of opportunity was small, she said. "In addition, you have to remember that a lot of directors of companies were in their 20's. You need time and maturity, in terms of a person's age, in order to formulate an approach to donations."

Nehemia notes that most contributions are now earmarked for indigent Jewish children and youth. She says it is extremely difficult to convince donors to designate their contributions to senior citizens, Arab children or the handicapped. The scope of financial contributions made to "Zionism 2000" has diminished of late, but the overall volume of activity has not been affected. The association has succeeded in bringing some 150 companies into its Aleh ("Business for the Community") initiative, which grants assistance toward the planning and execution of voluntary activities. The contributing companies include Orbotech, Ness, ITL, Barak and Mercury, which are involved in projects as diverse as providing tutors for pupils, operating after-school clubs for youth at risk and adopting foster homes.

Nehemia estimates that the non-monetary contributions - including working hours and professional consultation - are at least as valuable as the monetary donations. The total of annual contributions is in the neighborhood of NIS 30 million. Maale ("Business for Social Responsibility in Israel") was formed four years ago.

The non-profit association encourages non-monetary contributions. Its aim, says director-general Tali Aharoni, is "to spur businesses to be responsible and committed to society as part of the management culture and business strategy," she says.

"We are now seeing a decline in financial contributions primarily in the high-tech world, but elsewhere as well. When a company is forced to fire employees, it is very important that it invest in the remaining employees. So a lot of companies are making taking stock and looking into how they can nevertheless help."

One of the busiest associations of all is "Matan," set up five years ago by businesswoman Sherry Arison as the Israeli counterpart to the American umbrella organization "United Way," that raises funds for various associations and foundations. Contributors to Matan include Texas Instruments, Rich FX, Alvarion, Microsoft, Check Point, MSN, Motorola, CreoScitex, C-bridge and Mercury Interactive. The association's executive director, Ahuva Yanai, says that "voluntary activities sometimes extend into the high-tech world itself."

"For instance, engineers have been tutoring students who are recent immigrants from Ethiopia. On the other hand, employees at another company specifically asked not to volunteer in their own professional field, opting instead to run story hours, Purim parties and an Olympics for underprivileged children and youth."

### **Intimate affair**

Roni Zarom, 40, another Israel high-tech success story, is a native of the working-class town of Ramle. He has embarked on a more traditional framework, operating, for now, without other associates. A founder of Comverse, a company sold for \$550 million, he recently founded Unistream, a non-profit organization that aims to give underprivileged adolescents an after-school education in entrepreneurship and leadership. Unlike the other new organizations, Zarom is focusing for now on a single project, which he himself is funding. Unistream's first project is set to begin in September, in Kfar Yona.

Corporate philanthropy may be increasingly visible in Israel, but there are few if any statistics that relate directly to it - perhaps because in this country donations are still considered a private, almost intimate affair. Nevertheless, the informality, flexibility and youthful spirit that characterizes the high-tech industry are becoming typical of the new philanthropies.

Even the word philanthropy itself, and the patronizing echo that reverberates from it causes some discomfort. High-techers tend to opt for the more neutral sounding mantra "businesses for society." The New Israel Fund's Eliezer Ya'ari says that members of the high-tech community relate to their social initiatives like they relate to business activities.

"They demand ownership of their social projects, just like the ownership of their businesses, and they also take into account an 'exit strategy.' They have no intention of replacing the government authorities."

"I think that the non-profit world is not managed well, and that high-tech people can contribute in this sphere," says Professor Benny Gidron, head of the Israeli Center for Third Sector Research (Philanthropists and Volunteers) at Ben-Gurion University.

"This world interests them on a social level, not just on the business level. Young people are looking for ways to contribute to society." Gidron also explains that Israeli tax authorities, for instance, take a somewhat dim view of the allocation of funds "their own funds, that is - tax money" to independent organizations or non-profit associations.

In Israel, as opposed to the United States, it is very hard for an institution that is not associated with the national objectives as they are defined by the government to receive tax-deductible status for its contributors. The first - and only, so far - association to succeed in doing so is the Association of Civil Rights in Israel.

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