

Israel Innovation Authority 2025 High-Tech Report: Record Exits & Deep-Tech; Stagnation in Output, Jobs & VC Fundraising

Analysis shows Israel leading deep tech outside the U.S., drawing capital in AI, semiconductors, medtech, even as job growth slows and new venture creation dips

JERUSALEM, ISRAEL, September 17, 2025 /EINPresswire.com/ -- The Israel Innovation Authority today announced the release of its [annual Status Report](#) on Israeli High-Tech 2025, presenting both resilience and challenges across the sector.

For the first time, the Status Report is published alongside the [Israeli Deep-Tech 2025 Report](#), produced with international firm DealRoom. The comprehensive analysis shows that about 1,500 Deep-Tech companies currently operate in Israel, raising over \$28 billion between 2019 and 2025.

This makes Israel the leading Deep-Tech fundraising hub in the Western world outside the United States.

According to the report, the cumulative valuation of private Israeli Deep-Tech companies has surpassed \$177 billion, 15 times higher than a decade ago. The sector has already produced 39 unicorns and centaurs (companies with revenues above \$100 million), the report confirms, with leading fields including AI, medical devices, semiconductors, cybersecurity, and AgriFood. Additionally, the report shows that Israel attracts ~20% of global cyber investments and ~10% of global medical devices and AgriFood investments.

Against this backdrop, the report highlights mixed macro trends. High-Tech output has remained



Dror Bin, CEO of The Israel Innovation Authority
(Credits: Israel Innovation Authority)

unchanged for two years, holding steady at 17% of GDP. The share of High-Tech employees in the workforce is stagnant, with R&D roles down 6.5%. Meanwhile, Israeli VC fundraising and new startup creation have sharply declined. Yet startup fundraising continues to recover: Q2 2025 was the strongest since 2022, and the year is expected to set an all-time record for High-Tech exits.

Gila Gamliel, Minister of Innovation, Science and Technology: "Even in challenging years, when Israel is fighting a war on seven fronts and contending with global antisemitism, Israeli innovation proves its strength and continues to push boundaries. The fact that we have grown in the number of exits, lead in Deep-Tech, and keep producing breakthrough ideas is evidence of our creative and human strength. Our duty is to continue investing in Human Capital, empowering research and development, and strengthening international cooperation, so that Israel not only preserves its advantage but also stands at the forefront of global innovation and growth in the coming decade."

Dr. Alon Stopel, Chair of the Israel Innovation Authority: "Israel's High-Tech sector is at an inflection point with mixed trends. On the one hand, we see exceptional resilience in a complex and unprecedented geopolitical and economic reality for a nation whose economy is based on technology and advanced industry. This resilience is reflected, among other things, in the recovery of later-stage fundraising and Israel's strong position among global innovation hubs. On the other hand, the data indicates a worrying slowdown in employment and entrepreneurship. Israel possesses advanced capabilities and a clear value proposition in frontier domains such as semiconductors, quantum, and medical devices. With a series of 'outside-the-box' measures, and in light of global shifts that recognize technology as a critical component of national security, we must drive deep internal processes while advancing international cooperation with allies in diverse frameworks. We are committed to ensuring that Israel leverages its strengths and acts to maximize the full potential of all the technological segments the Israeli ecosystem has to offer in Deep-Tech, Artificial Intelligence, and scientific innovation, in order to maintain a competitive edge into the next decade."

Dror Bin, CEO of the Israel Innovation Authority: "2025 reveals the dual story of Israeli High-Tech. Israel is consolidating its position as a global Deep-Tech center, second only to the U.S. in the Western world, with more than 1,500 active companies and a share exceeding one-third of all capital invested in local High-Tech. Strong fundraising in AI and quantum places us on the front line of global innovation. However, the report points to troubling trends. High-Tech output has been stagnant for two years; the number of R&D employees is shrinking; new venture creation is lower than in the previous decade; and VC fundraising is decreasing. These are not marginal data points but indicators of risk that we take very seriously. In parallel, we see a global paradigm shift. Governments are investing hundreds of billions, becoming direct players in technology and shaping national value chains in areas like semiconductors, AI, and energy and Israel must respond to these shifts to avoid losing its comparative advantage. This is a moment of truth that only a broad strategic move, which involves combining public policy with private investment, will ensure that today's achievements become the foundation for growth and leadership in the race

that defines the economy of the future."

The data in the report presents a paradoxical picture of Israel's high-tech industry. While GDP contribution and employment are stagnant, the sector is also demonstrating recovery and global leadership in investments and record-breaking export figures.

Despite the challenges, such as a drop in the number of new startups, smaller VC funds, and reduced diversity in innovation fields, especially in deep-tech, Israeli high-tech remains a central pillar of the economy. It accounts for 57% of total exports, is on track for a record year in M&A, and maintains global leadership in tech investments, especially relative to national output.

Overall, Israel stands out as the world's leading deep-tech hub outside the U.S., with dominant strengths in AI, semiconductors, cybersecurity, and medical devices. The country benefits from high investment volumes, a dynamic innovation ecosystem, and a significant global footprint. However, the heavy reliance on foreign capital remains a strategic vulnerability. After a multi-year decline, 2025 signals a potential turning point, with renewed investment growth and Israel poised to solidify its position as a global deep-tech powerhouse.

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