More Startups are Arriving with Working Products, but Fewer are Managing to Raise Capital

Registration opens for MerageNext: Up to $100,000 grant, participation in Merage exclusive program in California, and Microsoft for Startups support

2025 MerageNext Competition winners

ISRAEL, August 4, 2026 /EINPresswire.com/ -- Despite a significant recovery in fundraising across Israel's high-tech sector, early-stage entrepreneurs continue to face growing challenges in securing capital. According to the Merage Future of Innovation Report 2026 by the Merage Institute, Israeli technology companies raised approximately $7.6 billion in the first half of 2026, a 52% increase compared to the same period last year. However, investments were concentrated in only 193 funding rounds, while funding for early-stage companies overall declined by approximately 50%.

Against this backdrop, registration has opened for MerageNext, a program led by the Merage Institute in collaboration with Microsoft for Startups and the Growth Administration at Israel's Ministry of Economy. Over the course of 12 program cohorts, MerageNext has supported ventures that went on to raise capital, achieve regulatory progress, advance clinical trials, and expand into international markets.
As part of the program, 10 ventures will be selected. Each will receive a $10,000 grant and participate in the Innovation Bridge program in California, valued at approximately $30,000. The program includes meetings with investors, senior executives, and experts on all levels from the U.S. market. The top 3 ventures will also receive cloud credits valued at up to $150,000.

Participants will receive business guidance, mentoring, preparation for investor presentations, and access to an exclusive network including high-level executives, investors, and business partners in Israel and the United States.
According to the program's leaders, one of the most notable trends this year is a shift in the

profile of participating ventures. While in the past many entrepreneurs entered the program with an idea alone, today more companies are arriving with a prototype, established users, and in some cases, even paying customers. At the same time, artificial intelligence has evolved from a standalone technology into an infrastructure layer embedded within products across industries.

Some of the programs successful alumni over the years include NeuroTrigger, which developed an eye pacemaker for people who have lost the ability to blink; Maolac, which completed a $11 million funding round and signed international commercial partnerships; and Append Medical, which developed medical technology for stroke prevention.

The program is open to ventures that have not yet raised more than $1 million and operate in fields including but not limited to artificial intelligence, cybersecurity, digital health, climate, FinTech, FoodTech, AgriTech, and mobility. Registration for this year's MerageNext closes on August 16th.
Michelle Merage, Merage Institute's CEO, said "At a time when early-stage fundraising is becoming more challenging and increasingly difficult for new entrepreneurs to enter the market, the program gives founders a significant advantage from the very beginning. It connects them to advanced technologies, experts, and a global ecosystem, while providing the tools, knowledge, and relationships that can help them grow and compete in international markets."

Eti Finkelstein, Director of MerageNext and Adi Stein, Cloud Lead at Microsoft Israel and MerageNext Program Manager said, "What we are seeing this year is not merely an increase or decrease in the number of AI ventures, but a deeper shift in the overall nature of entrepreneurship. AI has evolved from a category into an infrastructure layer within highly vertical products. It has become further evidence that artificial intelligence is changing the pace at which companies are being built."

Yishay Aizik, Merage Institute's Executive Director, said "Israel's ecosystem now faces a deeper challenge than simply attracting capital: it must ensure that a new generation of entrepreneurs continues to emerge. If fewer companies can secure their first funding round, the impact of this trend will only be felt years down the line."

Adi Stein
Merage
+972 52-332-2412
email us here
Visit us on social media:
LinkedIn
YouTube
