
INTRODUCTION

The Canadian and Israeli Startup Ecosystems: Through the Lens of FinTech

Message from the Management Program Coordinators

The 2019 Schwartz/Reisman Canada/Israel Exchange Program between the Desautels Faculty of Management of McGill University and the Adelson School of Entrepreneurship of the Interdisciplinary Center (IDC) Herzliya was a challenging, cherished, and life-changing experience. From August 8 to August 30, 18 Desautels BCom students and six Israeli entrepreneurship students from IDC took part in an intensive and multi-faceted experiential learning program. This group of 24 students learned about each other's cultures, entrepreneurial ecosystems, and approaches to undergraduate education. As one student wrote in reflection, "It is so impressive to see how close this group has grown over the past couple weeks," (Roderick Madeira-Mackinnon, BCom student, Strategic Management).


This program was part of two McGill courses, Special Topics in Finance (FINE434) and Special Topics in Organizational Behaviour (ORGB434). It combined traditional lectures; visits to notable startups, venture investors, and policymakers; cultural and historical site visits; and a capstone "Policy Hackathon" at IDC which allowed students to explore and synthesize everything they had learned.

In setting up our calendar of experiential visits, we strove to cover as many areas of FinTech and visit as many stakeholders in both the Canadian and Israeli startup ecosystems as possible. We believe we did an excellent job at accomplishing these goals.

We visited startups in the following FinTech segments: 1) Robo-Financing, 2) InsureTech, 3) Cybersecurity and Identity, and 4) Crypto and Blockchain. Additionally, we made ourselves available to discuss startups from other prominent segments, such as Robo-Advising. These visits, collectively, provided wide coverage of the FinTech sector, especially for a three-week program.

Regarding startup ecosystems and their development, we met with politicians, regulators, investors of several types, and community development organizations. We also surveyed each startup we visited on this topic. Every stakeholder type provided



 Management program group photo at the Mount of Olives lookout in Jerusalem. (Photo by Ricky Liu.)

a unique perspective on the ingredients needed to build a thriving and innovative startup ecosystem.

In addition to the academic content, the McGill students were particularly surprised and appreciative of how much they learned firsthand about the culture, people, tastes, sights, diversity, and complexity of Israel as a country. And the students were not the only ones learning important lessons. This inaugural program at Desautels was also a helpful learning experience for us, the organizers – we completed the program with even more enthusiasm and excitement than when we started.

This year's program was a successful implementation of a rich new offering for Desautels and IDC students made possible through the generous support of the Gerald Schwartz & Heather Reisman Foundation.

Brian Rubineau, Associate Professor of Organizational Behaviour, Desautels Faculty of Management

Jiro E. Kondo, Assistant Professor of Finance, Desautels Faculty of Management



“

I know there are others around the world who would save their whole lives to have the opportunity to set foot on some of these sites. I'm thus incredibly grateful for McGill University and the opportunity it has presented me with to make such an experience, so early-on in my life, a possibility.”

Roderick Madeira-Mackinnon



SUMMARY OF ACTIVITIES

Investor and Startup Visits in Canada

Friday, August 9: We launched our first day of events by visiting Real Ventures and the OSMO Foundation near the McGill campus. This choice of initial event was deliberate and symbolic: Real Ventures was the first venture fund to re-establish VC in Montreal following the bursting of the dot-com bubble in the early 2000s. Real Ventures and the OSMO Foundation are housed in the historic Notman House and, together, these organizations act as a pillar of the community in Montreal's startup ecosystem.

Following a tour and historical overview of the Notman House, we held a fireside chat with a general partner (Sylvain Carle) and junior VC (Laura Easton) from Real.

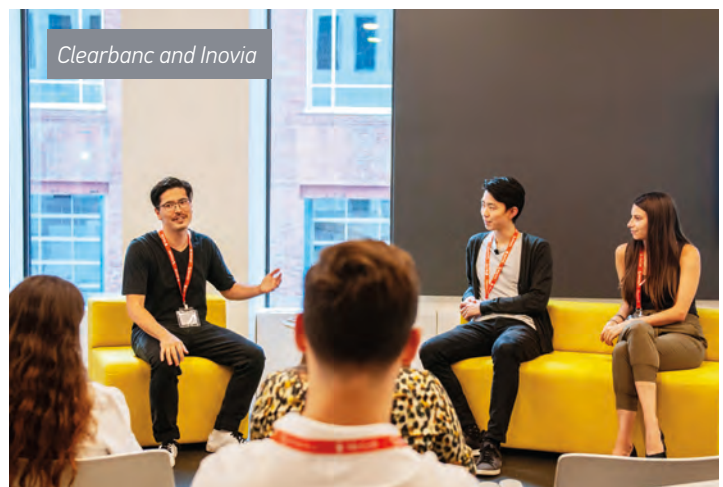
Afterwards, the group moved to Espace CDPQ in the heart of Montreal's business district. This space generously offered to host one of our program's landmark events: a fireside chat with Clearbanc (Canada's hottest FinTech startup) and Inovia (Canada's hottest VC firm). Clearbanc was represented by Charlie Feng, one of its co-founders, while Inovia was represented by Mia Morisset, a member of Inovia's growth fund (both recent Desautels alumni).

The fireside chat focused on what's unique and exciting about Clearbanc. Most notably, the firm is reinventing growth stage financing for e-commerce startups. Inovia, an early and follow-on investor in the company, gave an investor perspective on the company.

Monday, August 12: On this day, the McGill and IDC groups took a day trip to Ottawa. There, we visited the Canadian Museum of History, met with a community development organization for startups (Startup Canada), and several federal government divisions that support Canada's startup ecosystem.

Startup Canada held a panel discussion with two practitioners from the Ottawa area and one practitioner who video conferenced in from Israel. Most of the discussion centered around the importance of community building and networking, and how excellence on this dimension can help make up for a lack of funding access in many parts of Canada.

We were then hosted by Innovation, Science, and Economic Development Canada (ISED). ISED was accompanied by representatives from the Venture Capital Catalyst Initiative (VCCI) and Global Affairs Canada. ISED described the government's perspective on the FinTech sector, while the VCCI discussed a



SUMMARY OF ACTIVITIES

recent program meant to increase growth stage investment in high-growth Canadian startups. Finally, Global Affairs Canada discussed their Canadian Technology Accelerators.

The day ended with some students from the program (including most IDCers) and Professor Kondo enjoying a small indulgence: smoked meat sandwiches at Schwartz's Deli.

Tuesday, August 13: Prior to our afternoon talk with Lori Shapiro and the Foundation that day, we visited two closely linked organizations in the morning: Diagram Ventures and Breathe Life. Diagram is a startup incubator focused on the FinTech, InsureTech, and HealthTech spaces, and Breathe Life is a B2B InsureTech company that was initially ideated within Diagram.

Amélie Foz-Couture, a Desautels graduate, spoke about the process of identifying and testing startup ideas and the pros and cons of the startup incubator model. Ian Jeffrey, CEO of Breathe Life, explained his thought process when Diagram approached him to lead Breathe Life as it readied to “exit” incubation, and spoke about his selection of co-founders, and the importance of timing for startups.

Wednesday, August 14: In the morning, we hosted a presentation and discussion at Desautels with Luge Capital (a VC firm) and its founder David Nault. David started things off with a presentation on the landscape of FinTech and the recent growth in Canadian activity in this industry. We then had an interactive discussion with students and faculty on a wide range of topics: how David became a VC, how he approached starting a new venture firm, what he looks for in founders, and to what extent his firm relies on a data-driven approach.

After, we hosted two representatives from Canada's National Research Council (NRC). They shared information about how



NRC supports entrepreneurial activity in Canada. Key topics included the “free money” available through the Industrial and Research Assistance Program (IRAP) and, relevant to our students, the Youth Employment Program helping recent graduates work at the same types of organizations.

In the afternoon, we then headed to the Pointe-Saint-Charles area to visit the offices of Chronometriq, one of Canada's leading digital health companies. There we had a fireside chat with one of the company's founders, Rémi Richard, a native Quebecer and former McGill student. Rémi discussed the origins of Chronometriq and his vision for the future of the company.

The Chronometriq event was followed by a 5 à 7 social at the nearby 4 Origines Microbrewery with Rémi and other members of the startup community. This gave students an opportunity to network with prominent practitioners and spend time getting to know each other better, too.



SUMMARY OF ACTIVITIES

Cultural and Historical Visits in Israel

Friday, August 16: A local family welcomed all 27 of us into their home in Jerusalem for a Shabbat dinner on our first night in Israel. We learned the songs, prayers, and stories associated with this weekly Jewish celebration, and our hosts sought to meet each one of us and answer our questions. It was a wonderful experience!

Saturday August 17: On our second day, we toured Jerusalem. Starting from the Mount of Olives, we walked down to the Church of All Nations and the Garden of Gethsemane, and then across into the Old City. We visited an Armenian church and holy site, and came to the Western Wall while Shabbat services were being celebrated there. We then visited several Stations of the Cross locations and the Church of the Holy Sepulchre.

Sunday August 18: On Sunday morning, we visited Yad Vashem, the World Holocaust Remembrance Center. This moving experience started and ended with a visit to the Gerald Schwartz and Heather Reisman bench outside the museum entrance. We visited the Children's Memorial along with the main museum, and the students all learned a great deal. One McGill participant, Ricky Liu (BCom student, International Management), commented that the visit to Yad Vashem was “a thousand times more effective” as a learning experience than the standard school curriculum on the Holocaust. After visiting the museum, we continued to the Mahane Yehuda Market (the Shuk) in Jerusalem before returning to the hotel.

Monday August 19: The beauty of the Negev Desert was a joy and a surprise to many students, and the unique experience of visiting the lowest point on Earth and floating in the Dead Sea was a cherished event for all participants. Kelly Jacques (BCom student, Finance) reflected afterwards that “bonding by spreading mud all over each other is the best way to become best friends.”



We then travelled to Kfar Hanokdim to learn about the Bedouin community in Israel firsthand from a fascinating ambassador from that community – a Bedouin woman and mother who unusually pursues a life of financial independence within the community. She answered our many questions, and we enjoyed a Bedouin feast, a camel ride, and a night in Bedouin tents. A highlight for many students!



🔥 Moment of reflection at the Gerald Schwartz and Heather Reisman bench outside Yad Vashem. (Photo by Ricky Liu.)

SUMMARY OF ACTIVITIES

Tuesday, August 20: Very early Tuesday morning, we hiked up Masada in time to watch the sunrise, learning much of the interesting and tragic history of the site from our tour guide. We then visited the town of Nazareth for lunch, a tour of the Church of the Nativity, and an introduction to the dessert kanafeh!

Wednesday, August 21: During the first half of the day, we explored the religiously rich region of the Galilee, starting with a boat tour of the Sea of Galilee. This was followed by a tour of the Church of the Beatitudes, the location of Jesus's Sermon on the Mount, and a guided tour of Tzfat which is the attributed birthplace of Jewish mysticism known as Kabbalah. The second half of the day was the starting portion of the Policy Hackathon.

Thursday, August 22: Our group made a short visit to Haifa on our way from Northern Israel to Tel Aviv. In Haifa, we learned about two additional religious minorities in Israel – the Bahá'í and the Druze. Although our guide provided an overview of the history of the Bahá'í faith and its connection to Israel and Haifa, we learned about the Druze directly from a representative of the Druze community. The hospitality, openness, warmth, and willingness to engage with any and all questions was surprising, disarming, and earned the respect and admiration of our group. The coffee and homemade snacks were also excellent and greatly appreciated!

The evening of August 22 was a collective event at HESEG house, where students from four concurrent Foundation programs met together. Featured speakers were the creators of the Instagram movie/story "Eva's Story", a dramatic realization of the diary of a teenage girl and Holocaust victim in a manner relatable to young people today.

Friday, August 23: Our first day in Tel Aviv included a guided walking tour of the historic city of Jaffa. We learned of Jaffa's role in civilizations and religions from the Egyptian Empire, to Biblical Judaism, to the formation of Christianity. Many students enjoyed continuing the walking tour on their own between Jaffa and Tel Aviv.

Monday, August 26: At HESEG House, students received a stimulating and thought-provoking presentation from current *Haaretz* journalist Amos Harel. Students had many questions and we kept the speaker past the originally scheduled end



time. After a short break, we met HESEG house director Aviv Bushinsky. Aviv shared with our group several of the Gerald Schwartz & Heather Reisman Foundation sponsored programs taking place in Israel. A key focus of the discussion was the Foundation's Lone Soldier Program. We met with three current Lone Soldier Fellows from the United States and Canada. Students were very interested to meet and talk with their near-peers who made the choice to leave North America to live and serve in Israel.

Wednesday, August 28: On our last full day of touring, we received a guided tour of the ancient city of Caesarea, and then visited a local winery in the Carmel region for a wine tasting. For many students, this was their first wine tasting, and everyone wanted to be sure this event is preserved for future classes.

SUMMARY OF ACTIVITIES

Investor and Startup Visits in Israel

Friday, August 23: As a first practitioner event in Israel, we hosted Tom Degani of Refundit at our hotel. Refundit is a startup that's trying to revolutionize and streamline the value-added tax rebate process for tourists. It is also notable because Uri Levine (founder of Waze) is one of its co-founders. Tom discussed the process and challenges of working with governments to partner on modernizing products and services where large "lobby-ready" incumbents dominate. He also provided a history of how he went from IDC student, to employee in traditional financial services, to early and key employee at an exciting startup.

Several students remarked that they enjoyed seeing a "still early" and "not yet super successful" startup like Refundit. This feedback has been noted for future iterations of this program: we will aim for more balance between early-stage, mid-stage, and late-stage startups.

Sunday, August 25: This was an intense day of presentations that were held at HESEG House. It started with a visit from Orna Berry, a legend in the Israeli startup ecosystem. During her talk, she discussed the past, present, and future of Israel's startup ecosystem. She also discussed some common misconceptions of the ecosystem.

Orna's talk was followed by a fireside chat with Yanai Oron, general partner at Vertex Ventures. Yanai discussed a wide array of topics ranging from his own background, Vertex's history within the context of Yozma (one of Israel's main startup/VC policy initiatives from the 90s), and advice on how to get into venture capital by differentiating yourself from the crowd.

Finally, we had a talk on cryptocurrency and blockchain by Zach Reingold of The Efficiency Frontier. This talk focused on introductory concepts, but it was still valuable because McGill students are mostly unexposed to these topics in the Finance curriculum.

Tuesday, August 27: If the previous Sunday was an intense day, Tuesday was an insane day. It began with three investor/incubator/startup visits and ended with the final presentations of our Policy Hackathon and a presentation by VC-turned-politician Izhar Shay, both at IDC Herzliya.



The first visit was with iAngels, a women-led angel investor fund on Rothschild Boulevard that focuses on AI-based businesses. The visit involved an overview presentation of the fund and a discussion of miscellaneous jobs in VC beyond "investor" (e.g., public and investor relations).

The second visit was with The Floor, a startup incubator focused on FinTech which has partnered with six of the largest international banks in the world. This visit involved a presentation on the future of financial services and how change, once in motion, can revolutionize industries in a priori unfathomable ways. The Q&A that followed shed light on the disconnect between the Israeli banking system and the Israeli FinTech ecosystem.

SUMMARY OF ACTIVITIES

The third visit was with Au10tix, the world's leading digital identity verification software service. Au10tix is used by some of the largest technology companies and startups in the world (e.g., Google, Airbnb, Fiverr). We heard a "problem and product" presentation from Ofer Friedman, VP of marketing at the company. Then, we held a Q&A session with CEO and founder Ron Atzmon. There, we discussed Au10tix's history, proprietary data advantage, the importance of not taking VC early on, and upcoming product and growth challenges.

In the evening, following the Policy Hackathon (described on page 12), Izhar Shay discussed his history as a venture capitalist and his relatively new experience with the Knesset. Contributing to the theme of our program, Izhar emphasized the constraints that the political system places on ecosystem development – namely, the short-termism of politicians and the slow-moving nature of political decision-making.

Thursday, August 29: As a final visit to conclude our Exchange Program, we spent time at the offices of Fundbox – one of the world's leading robo-lending businesses that focuses on small and medium enterprises. During a tour of their Tel Aviv office, descriptions of several job functions and roles at the firm were shared.

We then heard a presentation by Fundbox's VP of risk, Noam Grabinsky. Noam described the unique elements of Fundbox versus traditional lenders and highlighted two unique and creative strategies that Fundbox used to acquire market share cheaply (network spanning) and build a more accurate credit risk model (buying defaults). Overall, this event served as a nice comparison with Canada.

Clearbanc and Fundbox offer similar products and have taken a different set of approaches to reaching traction, to aggressively scaling, and to raising finance. Both approaches have worked well for each company so far, which suggests that best practices in startups are not one-size-fits-all.



That's one of the key lasting lessons from the startup world: it's an environment with high uncertainty and limited resources. Successfully navigating this environment requires solving numerous challenges – often in the right order and efficiently. This requires experimentation, a willingness to try and fail, and a culture of quickly reacting to what the market tells you. Collectively, the startup, investor, and incubator visits during this Exchange Program did a great job highlighting this principle in concrete and tangible ways.

SUMMARY OF ACTIVITIES

Program Deliverables

The academic and experiential components of the Exchange Program fell into two categories:

Reflection Journal: The reflection journal provided students with an opportunity to think about the startup and cultural visits after each day of events. Several students used this deliverable as a vehicle for synthesizing lessons learned and reflecting on what matters most to them, both in terms of business/career and community/values. Some of the journals were truly amazing and highlighted the dedication and free-thinking nature of most students in the program. These journals were also a great way to capture the program's impact on participants. On pages 16-17, we present some of the students' reflections on their cultural experiences in Israel and their interactions with Israelis.

Policy Hackathon: The capstone deliverable of the program was a two-part Policy Hackathon. This Hackathon began on the Sea of Galilee at Kibbutz Nof Ginosar on Wednesday, August 21. During this first leg, the goals of the Hackathon

were introduced and teams started identifying specific startup ecosystem problems and ideating solutions that could address these problems. During the roughly following week, students continued working on refining this project.

In the late afternoon and early evening of Tuesday, August 27, students presented their proposals on the IDC campus in Herzliya, near Tel Aviv. Attendees at the event included Yossi Maaravi, associate dean of the Entrepreneurship School at IDC; Izhar Shay, managing general partner with Canaan Partners Israel; Michael Smith, a reporter from the Associated Free Press; and the Canadian and Israeli program coordinators.

The Hackathon was referenced in a newspaper article written by Michael Smith, which also discussed the recent Israeli election and its potential impact on the country's startup landscape. The article was published in several media outlets and reached well over six million views.

STUDENT REFLECTIONS ON THE POLICY HACKATHON



- *"The result of the Hackathon was an exercise in problem solving where focusing on the problem was more useful than trying to find a solution. This process I believe to be very important in entrepreneurship and our team was successful in following it."* –Esteban Herpin, BCom student, Finance
- *"This method of evaluation was much more pragmatic than a simple exam, as it evaluated our capacity to cooperate by creating psychological safety and analyze current problems in pragmatic fashion. This activity truly replicated the feeling of working in a startup. Initially, the project, albeit intended to be, felt disorganized which forced our team to create an environment with psychological safety. Our team would generate several interesting ideas, but the atmosphere was chaotic. Learning how to challenge your teammates with chutzpah all while doing it in a respectful manner was an important life lesson."* –Alessio Marcogliese, BCom student, Investment Management

STUDENT TESTIMONIALS

Impact of the Cultural and Historical Visits: Excerpts from the Reflection Journals



On the Sunrise Hike at Masada

- *"It was the first time in my life that I've woken up at 3:30am and the first time in my life that I've seen the sunrise. It was the most beautiful event."* –Tina Garbedian, BCom student, Finance
- *"I really enjoyed the Super Early Rise, even if we barely slept and didn't even get the chance to get coffee or tea on the way (Tim Hortons should really consider an international expansion in the Israeli desert). I think this was a once-in-a-lifetime experience to hike up to Masada and watch the sunrise from there."* –Polina Trotsenko, BCom student, Economics and Finance

On Yad Vashem

- *"This morning was extremely difficult. I've heard horrific stories about the Holocaust, but the three-hour detailed tour of a museum dedicated to the worst crime of mankind was very emotional. Although this happened almost a century ago, I do not understand how the human race could be so heartless, disgusting, and ruthless toward other human beings. [...] I am now more aware of the extremity of the suffering Jews went through and is continuously part of their people. I hope we can learn from our mistakes and never allow a similar situation to occur. Museums, classes, and movies are ways to communicate to the world that the Jewish people still exist and are stronger than ever."* –Tina Garbedian
- *"I think it's important to consider how this event [the Holocaust] triggered many Jewish individuals to come together in Israel to unify and avoid such a catastrophe. Coming from everywhere, yet sharing this fundamental*

trait, seems to have created a balance between diversity and resemblance which fostered a climate of trust for building businesses." –Nicolas Harvie, BCom student, Finance

On the Bedouin Experience

- *"Kfar Hanokdim was definitely an eye-opening experience. Although the Bedouins did not teach me anything tangible about VC or the startup ecosystem, I learned about the most important skill in business: perseverance. The woman speaking to us had faced several unfair challenges in life. I was shocked to hear that her husband had several different wives – this is something unfathomable in our Western culture. She also faced gender barriers. I was amazed by her graceful attitude. Whenever life would hit her hard, she would get back up and keep persevering. I believe that this is something that all of us can learn from. The art of persevering and the will to survive is one of the main reasons why Israel has developed such a strong startup culture. The fear of failing is almost non-existent."* –Alessio Marcogliese

On Visiting Holy Sites in Jerusalem

- *"I was impressed by the tolerance shown by the Jewish practitioners concerning our visit at the Western Wall. Although we clearly had no religious intention there, they still accepted to share their heritage. I believe this spirit is essential to a diversity which Israel's startup culture has benefitted so much from."* –Nicolas Harvie
- *"When calling my Catholic grandfather, I told him about some of the holy sites that I was planning on visiting. He let me know how privileged I was to have been bestowed this*

opportunity. Pilgrims across the world spend their whole lives saving up in order to get to visit these grounds. On the flip side, I was fortunate enough to do it at the ripe age of 22. This was truly memorable, and I will be forever grateful to my professors, McGill and the Foundation for this opportunity.”

–Alessio Marcogliese

- “Wow wow wow... Growing up as a practicing Christian, you read these stories but never think that you would actually be standing in the same spot that they (supposedly) took place. Whether the tour was all factual or not, just the thought of it made me lost for words. These are places that I always wanted to visit but never knew if or when I would ever get the opportunity to travel 9,000 km away from home to go. Also, today really allowed me to realize that this isn’t purely a study trip but also a cultural one where we would learn about things non-school-related (fintech/startup), which is refreshing to have that balance.” –Joshua Miglialo, BCom student, Accounting

On Differing Approaches to Problem Solving

- “Today was a very interesting experience because it was the first time that we were working with Israeli students on the project. I have had conversations and discussions with pretty much all of them by this point, on different topics, and frankly didn’t notice any difference between the way they think and talk, and the way I/we do (i.e., being more rude, direct, or plain different). But today was different because we had a concrete task to achieve and were kind of forced to interact. First of all, I noticed right away that our approach to problem identification and solving was different: we, McGill students, were drawn towards remembering all the information we had so far in the program, research data, expert opinion, etc. [...] Amour on the other hand chose a completely different approach, a real-life, gut feeling approach: instead of looking through our notes or the internet, she simply asked us if we see ourselves opening a startup in the next five years, and why or why not. [...] I found it undoubtedly hard to think the way Amour forced us to think, and much more exhausting, since we had to check every single one of our assumptions but, at the end of it all, it was clear for everybody what we were doing and why. I can see how it yields better results.” –Polina Trotsenko



Photo by Ricky Liu.

On the Overall Experience

- “I learned so much about VCs, funding, startups, ecosystems, fintech, regtech, and obviously most importantly, the mantra of psychological safety. However, the cultural knowledge I have gained far outweighs any of that. In a place where the weight of conflict doesn’t drag the people down, but instead inspires them to find and create solutions, I learned so much about the Israeli mentality. Before coming here I had an inkling of an idea of what to expect, but actually being here, talking to people, hearing their stories, learning about the history – I did not expect to be changed this way.” –Ricky Liu, BCom student, International Management
- “This trip really made me feel more confident about building my own business one day. If other people can do it, I certainly can try! The last three weeks really convinced me that Clean Energy is where I want to be. Finally, I truly realized how much I love Quebec, my home, my family, my girlfriend. When we heard the Israelis speaking about Tel Aviv with sparks in their eyes, of Israel like their home, I know this is how I feel when I come back to my mother’s place to have a nice meal, surrounded by the people I love.” –Nicolas Harvie