

EMBA International Seminar: Tech Entrepreneurship in Israel
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1. What's special about tech entrepreneurship?

Having thought of a product or a service and its market, probably the next thing an entrepreneur needs to think about is fixed vs marginal cost of product. In tech, it's usually relatively low marginal cost. However, marginal cost can get higher if human involvement is required (sales, tech support) or bricks & mortar is involved. As the user community increases, the unit cost of sales and tech support decreases because users recommend the product to potential users and facilitate product adoption. This is a network effect.

The network effect can be even more pertinent on the user's side. A single telephone is worthless. The telephone becomes valuable only if there are multiple users. Think of products for which the value of a membership in a user community increases with the community's size. Sometimes the network benefits are hidden, e.g., Google's search algorithm relies on choices made in earlier searches by other searchers. The more such searches have been, by more people, the better the algorithm. (The same principle is central to Netflix's recommendation system.)

Dynamics: the possibility of entry and disruption. Attractive to the entrepreneur, a threat to the incumbent who may well be yesterday's entrepreneur. The higher the product's marginal cost the more costly is the entry. Ditto for the network effects – it's difficult to dislodge an incumbent whose product entails network effects and already enjoys a large user community.

A relevant, often central consideration: total addressable market (TAM) – with internet-facilitated products it may well be the whole world.

The rewards of product leadership are enormous, and the competition to be a product leader is fierce.

Initial cost to make a software product are often low, which allows many people with many ideas to do just that. Therefore many new prototypes and even products compete for the attention of financiers and product users. Due to scarcity of attention it may well be that the first to scale up rather than the first mover who has the big advantage.

These themes will emerge time and again in our discussions.

2. What's special about tech entrepreneurship in Israel?

Next to Silicon Valley, Israel is the best place for an on-site study tour of technology entrepreneurship. Much of Israel's technology community is concentrated in a small area populated by engineers, scientists and business people who are energetic, hospitable and happy to share their experience.

This international seminar offers an intense exposure to technology and technology entrepreneurship in a unique environment that has been a fertile ground to multiple successful ventures, with many more in the pipeline. The seminar may well be the EMBA class with the strongest impact on your career.

The week in Tel Aviv will expose you to one of the world's most vibrant tech communities which thrives although it is geographically distant from its main markets and funding sources.

At the end of the week you will be able to form your own views about the drivers of Israel's tech success and its likely future course. You will establish familiarity with that unusual culture with which you may find yourself doing business in the future. Moreover, you'll take away invaluable general insights to guide you in your own career.

Competing for your attention will be Tel Aviv itself. The town's sidewalks are lined with crowded cafes. It has a lively night scene with pubs, bars and clubs that keep their doors open until the early morning hours. It stretches along the Mediterranean's sandy beaches where the water is pleasantly warm, swimmable year round. In short, Tel Aviv is a young person's heaven.

Background material:

1. A general book on Israel's history and society: Ari Shavit, *My Promised Land: The Triumph and Tragedy of Israel*, 2015 Spiegel & Grau.
The book has been widely reviewed, e.g., in the [NY Times](#), [The Guardian](#), [NY Review of Books](#),
2. On Israel's technology sector: Dan Senor and Saul Singer, *Startup Nation, The Story of Israel's Economic Miracle*, 2011, Grand Central Publishing.
[Wiki](#) on the book, a Startup Nation-inspired piece in [Forbes](#), a [WSJ review](#) of the book.

For a recent update on technology developments from Israel, see Forbes [here](#) and [here](#) and Popular Science [here](#). For an evaluation of Tel Aviv's start-up ecosystem, [here](#). For a brief review of Israel's business culture [here](#). In September 2015 the BBC asked if Tel Aviv is the best beach city for expats, [here](#).