

December 28 2007

## Company Spurs Israeli Tech Investment

Nobska helps spur investment in Israeli technology.

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Mark Neumann: Nobska Ventures "combined two of my interests — small business and Israel."  
(Photo Provided)

Investing in technology is not new. Investing in mid-Atlantic tech companies is not new either. Nor is investing in Israeli tech companies.

But put them together and you've got Nobska Ventures, a venture capital firm based in Baltimore that focuses on those areas.

The firm was founded in 2005. Charles Moore is chairman. Last month, Mark Neumann joined as an investor and a general partner, helping to run the fund with Mr. Moore. Mr. Neumann left his own privately owned investment firm, 510 Ventures, where he had been CEO, to join Nobska Ventures.

"It combined two of my interests — small businesses and Israel. It was a perfect way to meld those two things," Mr. Neumann said of his move.

A Baltimore native, Mr. Neumann graduated from Gilman School, Franklin and Marshall College and the University of Maryland law school. An Owings Mills resident, he and his wife, Robin, belong to Beth Tfiloh Congregation, where his children attend the Beth Tfiloh Dahan Community School and Mrs. Neumann teaches fourth grade. Mr. Neumann is the 2008 campaign chair for the Associated: Jewish Community Federation of Baltimore.

Beyond its geographic and technology focus, Nobska Ventures has a specialty. It looks for early-stage companies in information and communications. Early-stage means pre-revenue and/or below \$5 million in sales.

“That’s our sweet spot, especially Israeli companies coming to the United States to launch global operations,” said Mr. Moore, who has been with Nobska since its inception.

“We like to be very involved with these companies and there’s a tremendous amount of opportunities here in the mid-Atlantic,” he said of a range of states, from New Jersey and Pennsylvania south to Virginia.

Mr. Neumann brings both business and technology experience to Nobska. “I have an organizational sense, to prepare a company for growth and for sales,” he said, “to take its product to market.”

Since its founding, Nobska Ventures has acquired 20-25 investors. Originally, it was only going to invest in companies in the mid-Atlantic. That quickly changed, according to Mr. Moore, at the encouragement of its investors, who were tapped into the pipeline of Israeli start-ups.

“We always had the notion that as companies came to the U.S., or intended to, that was our opportunity,” he said.

To date, Nobska has invested \$5 million in four companies, two in the United States and two in Israel.

In the U.S., they are TeleContinuity Inc., a Rockville telecommunications company, and NSC, a Columbia provider of information security software. In Israel, they are ClassifEye, an identify verification software company in Ramat Gan, and Innovea Medical, another Ramat Gan company with a cardiovascular imaging appliance.

Mr. Moore said it is not difficult to find companies and evaluate their potential as investments. Nobska’s investors have business backgrounds, and are tied into a network of information, both here and in Israel.

“We are aware of virtually every company. We pay time and attention to the local communities. By the time a company is suggested, it is already well vetted,” said Mr. Moore.

He compares Israel to Silicon Valley, California’s famed hotbed of technology. Like Silicon Valley, Israel’s tech companies are concentrated geographically and there is a “huge amount” of entrepreneurship, Mr. Moore says.

However, there is one big difference with Silicon Valley. The former has many early-stage companies while Israel has many later-stage companies, meaning their revenue is \$5 million and above.

So the venture capital picture is different. To be sure, Nobska has competitors but not as many as you'd expect. The reason: Israel itself has many venture capital firms that invest in later-stage companies. Much less venture capital goes into early-stage companies, Nobska's specialty. Mr. Neumann said the same is true in the mid-Atlantic, where "there is much more competition [among venture capital firms] in later-stage than in early-stage companies."

As it turns out, Israel is growing in importance to Nobska. In the last 18 months, the firm has reviewed 300 companies, of which half have been Israeli. Of the ones it is most interested in, two-thirds are Israeli.

Barry Bogage is executive director of the Maryland/Israel Development Center, a partnership between the Associated: Jewish Community Federation of Baltimore and the state of Maryland to encourage investment in Israeli companies. Mr. Bogage said there are five venture capital firms in the area with Israeli investments, and he works with all of them.

Nobska is one and, he adds, some of Nobska's investors also are active in the Maryland/Israel Development Center.

"It's not New York but it's great that we have this kind of activity taking place," Mr. Bogage said of the five firms. "It gives the state of Maryland exposure in the Israeli market."

Mr. Neumann and Mr. Moore are expecting Nobska Ventures' next fund to open soon. More than \$100 million is expected to be raised for this fund, which will have the same mission as the original.

Of Nobska Ventures' investors, about half are from the Jewish community and the rest are people in the Baltimore-Washington region. That appears to be changing, with word of Nobska going beyond the local region in attracting investors.

Said Mr. Neumann: "You have people in the general community who are attracted to Israeli investments because of the opportunities. But for me, it's both — a wonderful way to make money and to help the Israeli community."