

ISRAEL AS A STARTUP NATION AND OUR LESSONS LEARNED

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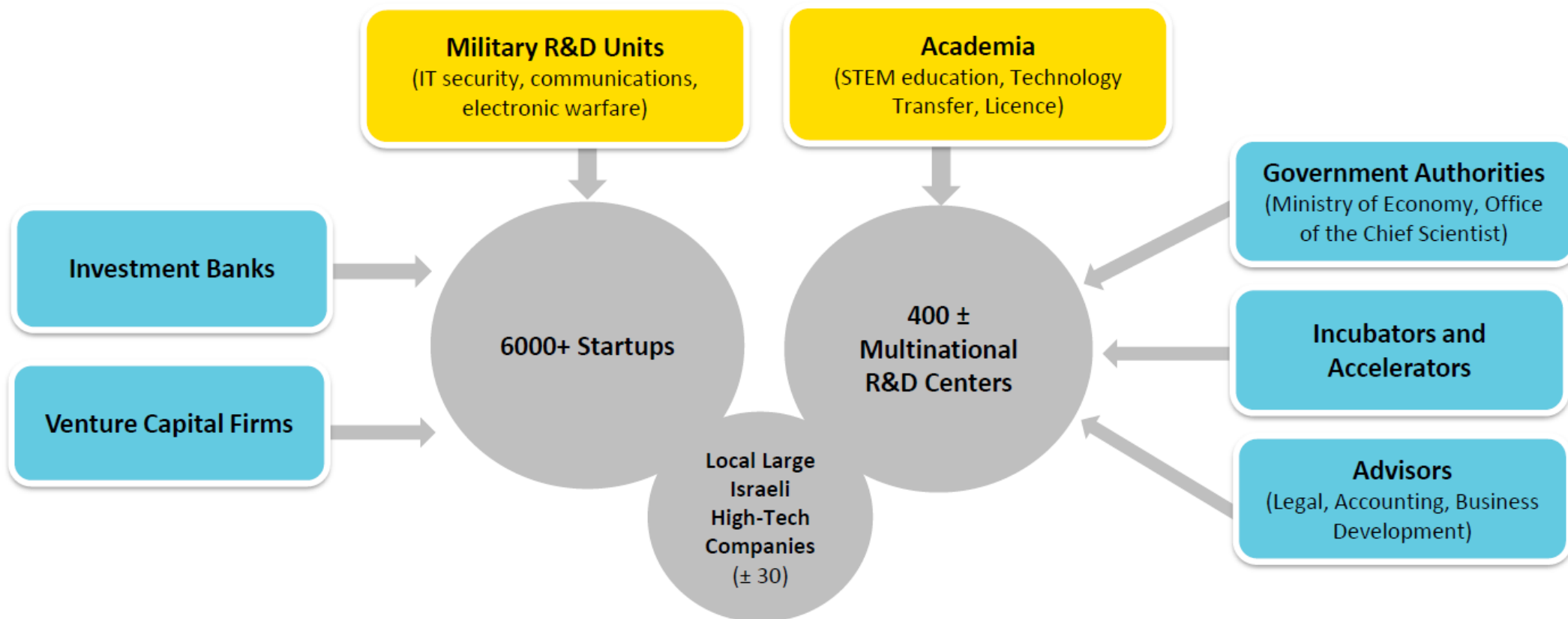
7.10.2021



ŠKODA
SIMPLY CLEVER

Success of the Israeli Startup Ecosystem

Strong governmental incentives and military background of the best tech companies contributed to growth of the very successful startup ecosystem in Israel



Car manufactures not only have to change their business premises fundamentally, but also face a new fierce competition



ESTABLISHED OEMs:
PRODUCT FOCUS (WHAT?)



NEW COMPETITORS:
SERVICE/CUSTOMER FOCUS (WHY/HOW?)



NOKIA
CONNECTING PEOPLE

- Best engineering
- Quality leader



iPhone

- Great, dominant design
- Superior user experience
- Customer Ecosystem / ID



KRUPS

- Precision in all details
- Product innovations



NESPRESSO

- Lifestyle branding
- Superior convenience
- Different sales concept

Automotive World



Established automotive OEM's

Tech Giants / New Entrants



Mobility provider

New technology OEM's



Product / Technology / Quality / Detail



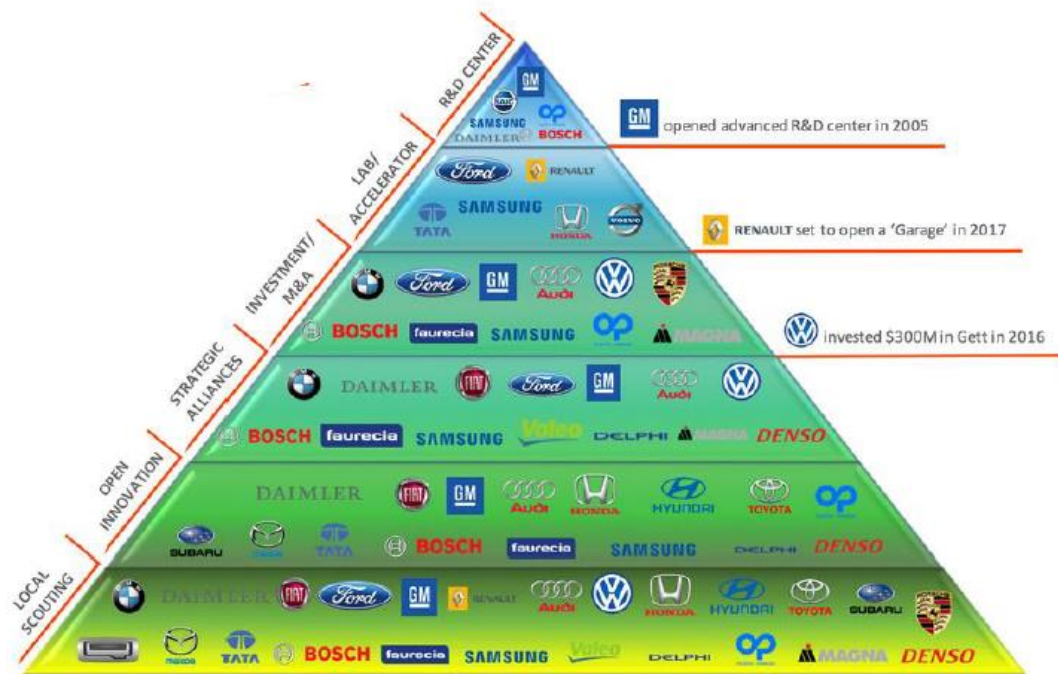
Customer / Ecosystems / Brand / Service

OEM and Tier 1 Presence in Israel

Different forms of partnerships, R&D centers, Accelerators, Strategic alliances

Israel paradox: 90% of car makers rushing in a country that does not manufacture a single car

Technology startups transforming the Automotive industry

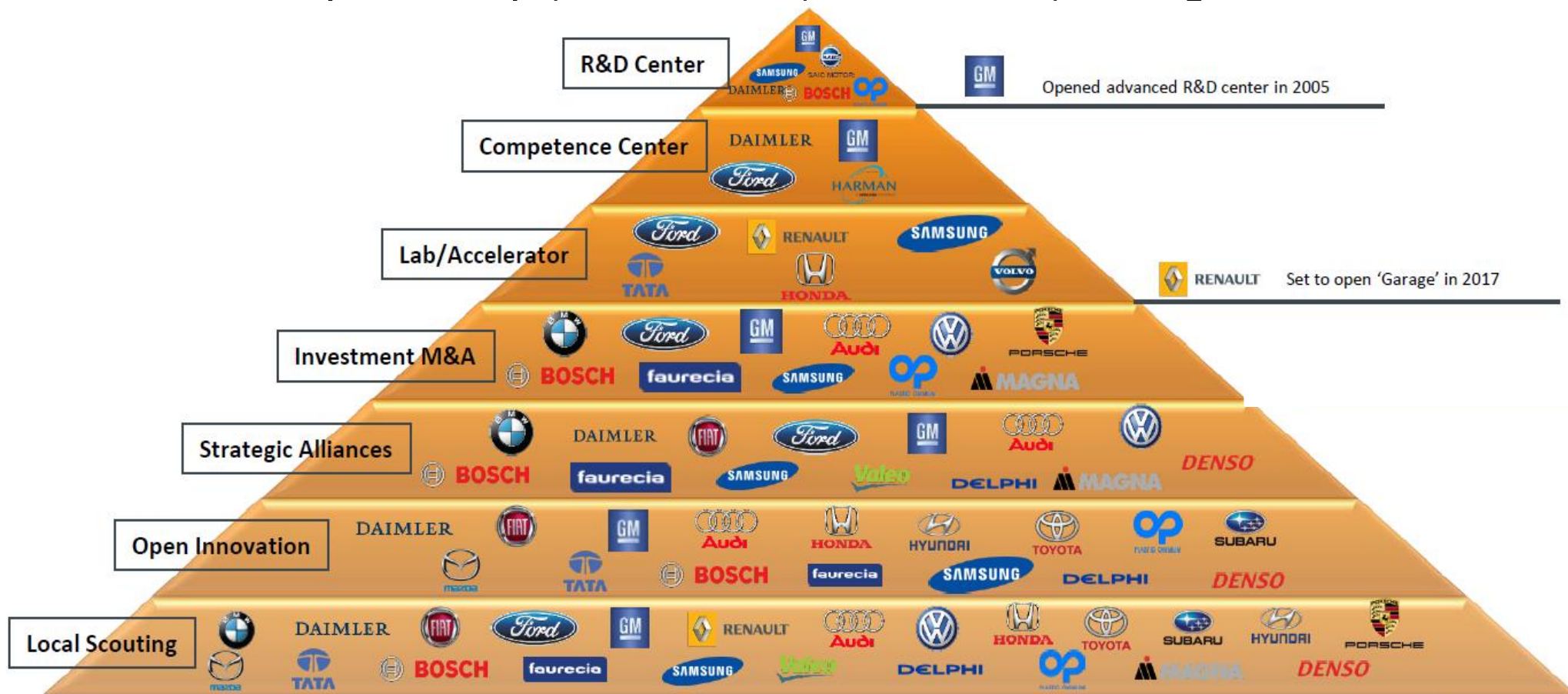


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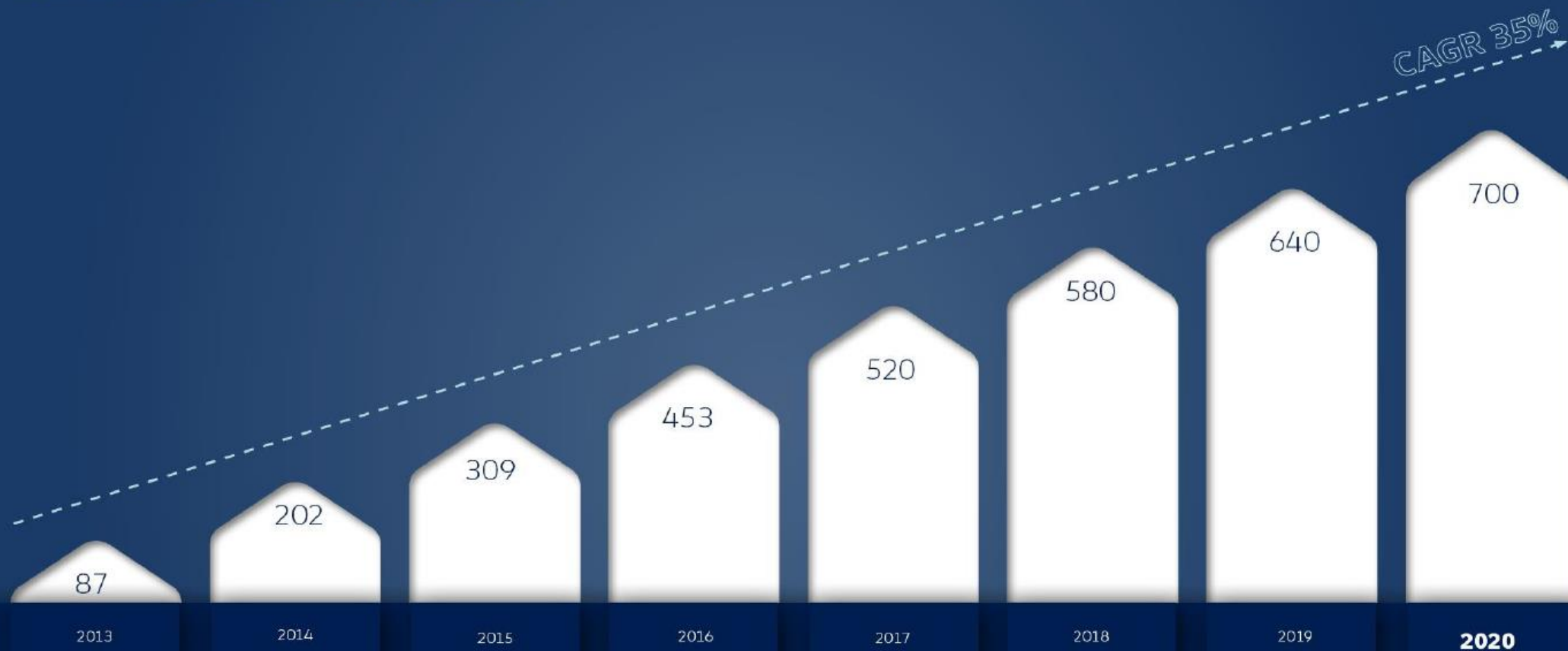
OEM and Tier 1 Presence in Israel

Different forms of partnerships, R&D centers, Accelerators, Strategic Alliances



Automotive Segment is the Fastest Growing Technology Sector

NO. OF ISRAELI STARTUPS
automotive and smart mobility 2013-2020



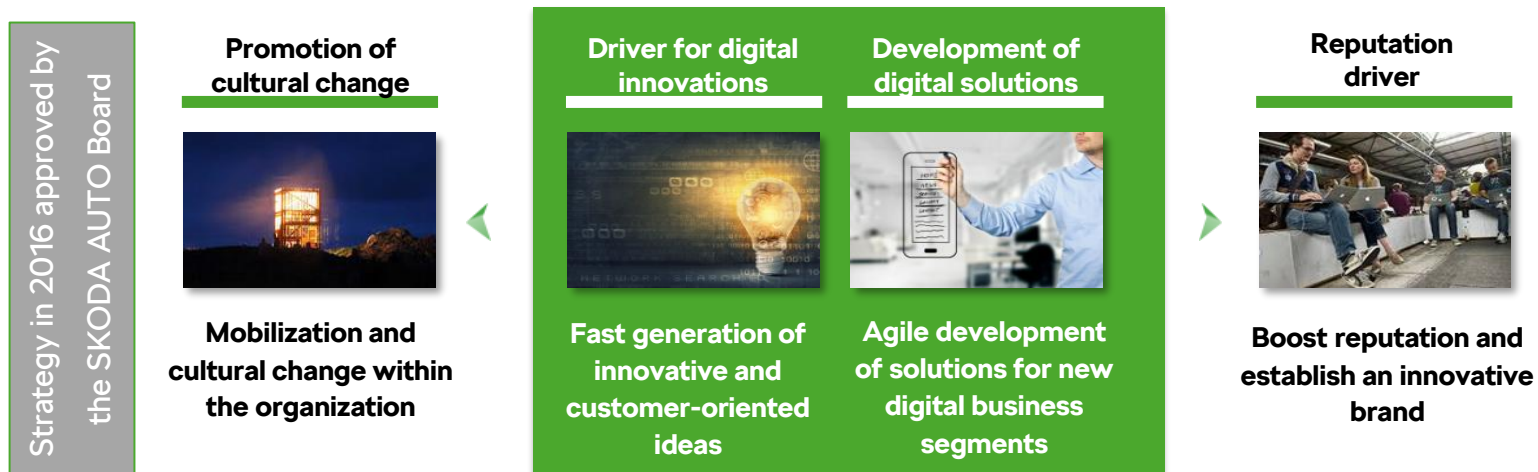
ŠKODA AUTO DigiLab executes 2025 Strategy of ŠKODA AUTO

Goal 2025: ŠKODA AUTO as a Provider of Mobility Services

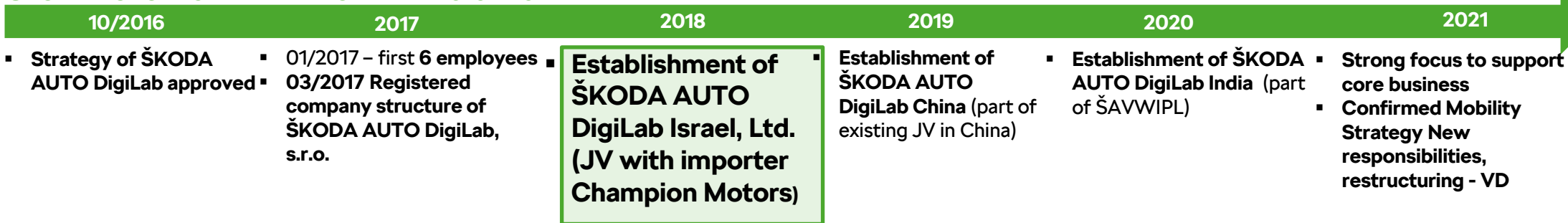


ŠKODA AUTO DigiLab - Strategy and Development

Established in 03/2017 as a subsidiary. Lean Structure, Focus on Agile SW Development and Delivery.



ŠKODA AUTO DIGILAB DEVELOPMENT 2016 - 2021





1949

51 ŠKODA CARS
IN ISRAEL

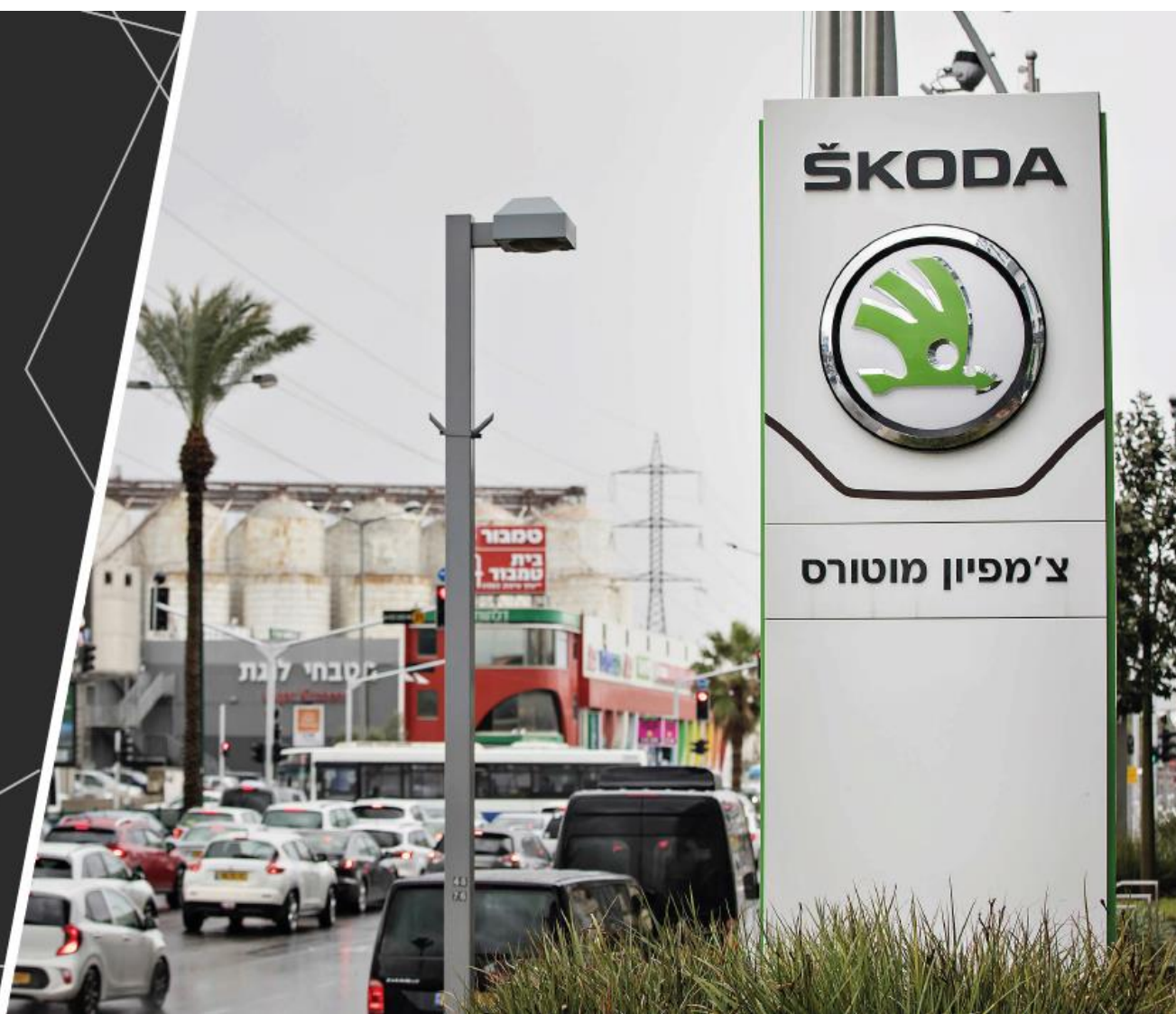


1991

IMPORT OF FAVORIT
& FORMAN BEGINS

FOR 7 YEARS

**THE STRONGEST
EUROPEAN BRAND**



VW GROUP - TWO INNOVATION PLATFORMS IN ISRAEL

ŠKODA AUTO DigiLab Israel
Powered by Champion Motors

קונקט
KONNECT
with the Volkswagen Group

ŠKODA AUTO DigiLab Israel

- Started about 9 months BEFORE VW Group Konnect
- Lean operations - 2 FTEs (one local hire)
- Using synergies with JV partner Champion Motors
- Office, Accounting, legal, administrative in-house
- Office at ŠKODA AUTO Showroom in Bnei Brak above the ŠKODA showroom
- Synergies with ŠADL in Prague, Beijing and Pune + ŠA MB
- Fast prototyping: Building POCs, Minimum Viable Products (MVPs)
- Implementation, Business focus



VW Group Konnect

- 10 FTEs of VW Group Konnect in Israel
- Office in Tel Aviv (Midtown Tower, 33rd floor (WeWork space)
- Participation and support of all activities of VW Group Konnect in Israel
- Close cooperation with other VW Group Brands
- Focus on events including internal Learning journeys, not on business development
- Share results, create synergies



ŠKODA AUTO DigiLab Israel | Introduction

- Established in 2017
- Strategic Cooperation with Champion Motors
- Focus: scouting, validation, business model, M&A opportunities
- Currently 19 projects (discovery, POC, MVP)



Tal Brin

CEO



Jarmila Placha

CFO



Steve Elbaz

Technology Scouting



Ludmila Prokopcova

Technology Scouting and
integration

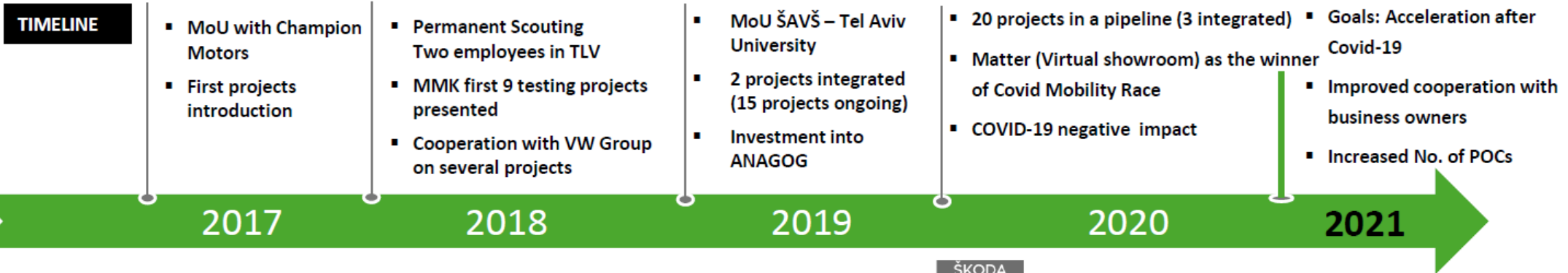


Vit Lichtenstein

ŠKODA AUTO
Projects Integration

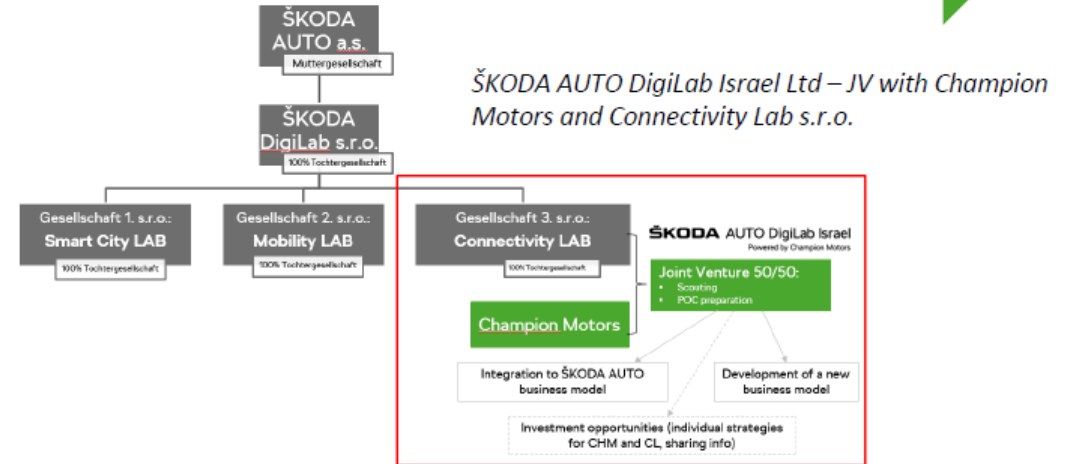
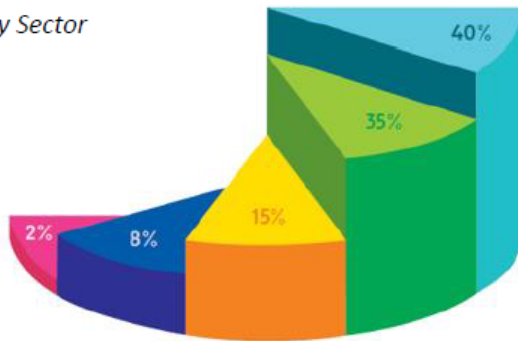
ŠKODA AUTO DigiLab Israel Ltd.

Our journey since 2017 and legal structure



Israeli Mobility Startups by Sector

- Autonomous & Connected
- Mobility Services
- Electrification & Energy
- Drones & Aviation
- Maritime



Our Focus areas – New business Opportunities

Big Data

- Mobility as a Service
- Software as a Service
- Analytics

Sensors

- Vital sensors
- Screens & displays
- Car Diagnostics
- Safety

E-mobility

- Charging Units
- Services & Charging Points
- Storage systems & Energy



Smart City and Industry 4.0.

- Connected Infrastructure
- Smart parking
- Online reporting

Connected Car

- Accident warning
- Cyber security
- Telematics & predictive maintenance

Infotainment

- Lightning & Interactive surface
- AR & VR

New technologies

- Blockchain
- AI

Our lessons learned

Business exploitation of technologies



Scaling in EU – legislation, compliance



Short-term vs. Long-term focus



Startup maturity stage



Business cooperation model



High competition





**DRIVEN BY
INVENTIVENESS –
CLEVER IDEAS
SINCE 1895**



Appendix

About Champion Motors

Established in **1965**
by the late Mr. Aaron Gutwirth

Prof. ITZHAK SWARY Chairman of the
board of directors

Fully owned by
ALLIED GROUP

Representing **VW** private &
commercial vehicles, **Skoda, Audi**
and **SEAT** brands in Israel, each
operating as a Separate Division

500 employees nationwide

40 Showrooms
41 service centers

Partners with VW Group:

ŠKODA AUTO DigiLab
Israel

XPLORA by  **SEAT**

Autonomous EV Ride-Healing Service



CHAMPION MOTORS

MAIN PILLARS



Lean & agile organization & culture



Forefront of digitalization



Consumer centricity



New business
models & partnerships