

## Dedication

I want to dedicate this book to Holly Russo, Jonathan Becker, Jeff Weiss, Robert Schwartz, and Professor I. William Zartman. Most of all, I want to dedicate this eBook to World Peace.



### Author: Started 6 business, failed 3 times, 6 startups

My name is Paul Huen Chan. This is my 14th book on self-made billionaires. They are all published on Amazon Kindle. A little bit of background on me. I was born in China, grew up in Hong Kong, and completed all my college education in US. I worked many years as dish-washer, Seven-Eleven, construction, computer consultant etc. I have a PhD from School of Advanced International Studies, Johns Hopkins U. I love startups, having worked for 3 startups and started 3 startups myself. I can be reached at [paulchan98@hotmail.com](mailto:paulchan98@hotmail.com). If I am not writing eBooks, I like snowboarding and learning Arabic.

## Contents

Dedication.....	1
Author: Started 6 business, failed 3 times, 6 startups.....	2
Chapter 1 Why study Israeli Self-made Billionaires (SMB)? .....	4
Chapter 2 Methodology.....	5
Chapter 3 Who are they? .....	5
Chapter 4 By Age Sex, Average Net Worth, Ethnicity .....	6
Chapter 5. By Education .....	7
Chapter 6 By Sector.....	8
Chapter 7 By Immigrants .....	9
Chapter 8 Father and Son.....	11
Chapter 9 International vs Domestic Source of Wealth, 80% Overseas .....	12
Chapter 10.01 Drahi, Patrick.....	13
Chapter 10.02 Wertheimer, Stef.....	14
Chapter 10.03 Milchan, Arnon.....	15
Chapter 10.04 Perlmutter, Isaac .....	16
Chapter 10.05 Saban, Haim.....	17
Chapter 10.06 Tshuva, Yitzhak .....	18
Chapter 10.07 Glasenberg, Ivan .....	19
Chapter 10.08 Shani, Shaul .....	20
Chapter 10.09 Sagi, Teddy .....	21
Chapter 10.10 Shwed, Gil .....	21
Chapter 10.11 Machkevich, Alexander.....	23
Chapter 10.12 Nacht, Marius .....	24
Chapter 10.13 Neumann, Adam.....	25
Chapter 10.14 Gertler, Dan .....	26
Chapter 10.15 Arkin, Mori .....	27
Chapter 10.16 Steinmetz, Beny .....	28
Chapter 10.17 Leviev, Lev .....	29
Chapter 10.18 Kahn, Morris .....	30
Chapter 11 The 5 Big Obstacles against Israeli SMBs .....	31
Chapter 12 Final: the 4 Surprises and the 4 Unanswered Questions .....	32

## Chapter 1 Why study Israeli Self-made Billionaires (SMB)?

There are two major reasons

1.1 Reason One: Nicknamed “Startup Nation”, for the number of companies it posted on NASDAQ. Israel is second most successful SMB in the world after Hong Kong, Top 3 most successful

	Rank	Density, SMBs per Million	Population in million	No of SMB
Hong Kong	1	5.06	8.5	43
Israel	2	2.12	8.5	18
United States	3	1.07	340	365

1.2 Reason Two: Very difficult circumstances

As can be seen from the Table Below , it is very difficult to become self-made billionaires in Israel for 4 reasons (1) constant war (2) 3 years of compulsory military draft for men, 2 years for women, (3) highest income tax rate of 50% and (4) very poor in natural resources.

	Rank	Constant War	Military Draft	Highest Tax Rate	Natural Resources
Israel	1	Constant War	3 year compulsory for men, 2 year for women	50% for 800K	Poor
Hong Kong	2	No War	Non-existent	15% Flat	Extremely Poor
United States	3	Distant War	Draft ended 1968, now all volunteer	35% for 300K	Very Rich

## Chapter 2 Methodology

There are only 3 selection criteria: (1) the person must have minimum net worth of \$1B (2) the wealth must be self-made and (3) the person must have Israeli citizenship.

Israel actually exported many self-made billionaires abroad (born in Israel, made fortune abroad), e.g. Mark Sheinberg in Canada, Noam Gottesman, Tom Gores and Alec Gores in United States.

## Chapter 3 Who are they?

Rank	Name	Net Worth	Sector	Immigrant	Education	Age
1	Drahi, Patrick	\$6.60B	Telecom	Morocco	MS Lecole Polytech	52
2	Wertheimer, Stefan	\$5.60B	Machine Tools	Germany	High School	90
3	Milchan, Arnon	\$5.20B	Chemicals, Movies	Palestine, Israel	BA London School Economics	71
4	Perlmutter, Isaac	\$3.70B	Entertainment, Comics	Palestine, Israel	High School	73
5	Saban, Haim	\$3.60B	Entertainment, Film	Egypt	High School	71
6	Tshuva, Yitzhak	\$3.50B	Real Estate	Libya	High School	68
7	Glasenberg, Ivan	\$3.30B	Mining	South Africa	MBA USC	60
8	Shani, Shaul	\$3.20B	Telecom	Israel	High School	61
9	Sagi, Teddy	\$3.10B	Gambling	Israel	High School	44
10	Shwed, Gill	\$2.30B	Software	Israel	High School	49
11	Machkevich, Alex	\$1.84B	Mining	Korzyk, USSR	BA Kyrgyz State U	62
12	Nacht, Marius	\$1.79B	Software	Romania	BS Hebrew U	50
13	Neumann, Adam	\$1.50B	Real Estate eShare	Israel	Drop out Baruch U	37
14	Gertler, Dan	\$1.34B	Mining	Israel	High School or Less	43
15	Mori, Arkin	\$1.28B	Pharmaceutical	Israel	BA U Tel Aviv	63
16	Steinmetz, Beny	\$1.20B	Diamond	Israel	High School or Less	60
17	Leviev, Lev	\$1.09B	Diamond	Uzbekistan	High School or Less	60
18	Kahn, Morris	\$1.00B	Software	South Africa	High School or Less	86
		\$51.14B				1100
	Average Net worth	\$2.84B			Average Age	61.11

## Chapter 4 By Age Sex, Average Net Worth, Ethnicity

### 4.1 Age , about international average

Average age is 61.1, almost 5 years younger than the international average of 66.

### 4.2 Sex

All of them are men. There is not a single woman

### 4.3 Average Net Worth

Average net worth is \$2.84, about \$0.7B lower than average. This I can explain, the income tax for the wealthy is one of the highest in the world – for those with income over \$800K a year, the income tax is 50%.

### 4.4 By Ethnicity

100% of Israeli SMBs are Jewish, even though there are 2 million Arabs living in the State of Israel.

## Chapter 5. By Education

### 5.1 First shocking facts: Most of them have high school or less education

Out of a total of 18 self-made billionaires, here is the breakdown.

#Ranking	%	Number	Last Name
PhD, MD, JD	0	0	
Master	11.1%	2	Drahi, Glasenberg
Bachelor	22.2%	4	Nacht, Milchan, Arkin, Machkevitch
College Dropout	5.6%	1	Neumann
High School or Less	61.1%	11	Tshuva, Saban, Sagi, Steinmetz, Leviev, Wertheimer, Kahn, Shani, Shwed, Gertler, Perlmutter

What is shocking is that over 60% of Israeli SMBs have high school or less education. This is the highest percentage of high school self-made billionaires in the world, higher than Australian SMBs (13 out of 22 or 54%) and Hong Kong (23 out of 43 or 53%). Israel is indeed the land of risk taker, no formal education minimum needed.

### 5.2 By Best University:

Only 4 of 18 Israeli SMBs went to the top universities, or 22.2%

1	University	Number	Last Name
1	U Tel Aviv, Hebrew U	2	Nacht, Arkin
2	London School Economics	1	Milchan
3	L'ecole Polytechnique	1	Drahi

## Chapter 6 By Sector

My first surprise is to find Entertainment there. I thought there would be more software SMBs, given Israel reputation as “startup nation.”

My second surprise is Mining and Diamond together is the single most dominant sector, as shown in the following table.

Sector Total 18

Rank	Sector	No of SMB	Names SMB
1	Mining	3	Glasenberg, Machkevitch, Gertler
1	Entertainment	3	Milchan, Saban, Perlmutter
1	Software	3	Kahn, Shwed, Nacht
2	Diamond	2	Steinmetz, Leviev,
2	Real Estate	2	Tshuva, Neumann
2	Telecom	2	Drahi, Shani
3	Gambling	1	Sagi
3	Pharmaceutical	1	Arkin
3	Machine tools	1	Wertheimer

As you can see, the top 3 sectors: Mining, Entertainment, Software, made up 50% of the total number of Israeli self-made billionaires.

Since diamonds is also a kind of mining, we can safely say Mining is the Number One Sector of Israel.

When factored into net worth of individual Israeli SMB, it is clearly the average Mining SMB is richer than the average Software SMBs.

Similarly, the average Net Worth of Entertainment Israeli SMBs are higher than Software SMBs, so we can conclude that Entertainment is the second leading sector.

What a surprise, Software is actually Number Three, Mining Number One and Entertainment Number Two. I did not expect that Entertainment would be such a vital sector in Israel.



## Chapter 7 By Immigrants

How do the immigrants compare with locals

Rank	Name		Sector	Immigrant	Education	Age
1	Drahi, Patrick	\$6.60B	Telecom	Morocco	MS Lecole Polytech	52
2	Wertheimer, Stefan	\$5.60B	Machine Tools	Germany	High School	89
3	Saban, Haim	\$3.70B	Entertainment, Film	Egypt	High School	71
4	Tshuva, Yitzhak	\$3.60B	Real Estate	Libya	High School	67
5	Glasenberg, Ivan	\$3.30B	Mining	South Africa	MBA USC	60
6	Machkevich, Alex	\$1.84B	Mining	Korzyk, USSR	BA Kyrgyz State U	65
7	Nacht, Marius	\$1.79B	Software	Romania	BS Hebrew U	50
8	Leviev, Lev	\$1.09B	Diamond	Uzbekistan	High School or Less	60
9	Kahn, Morris	\$1.00B	Software	South Africa	High School or Less	86
	Total	\$28.52B				600
	Average Net Worth	\$3.17B			Average Age	66.67
	Native Israeli SMBs					
Rank	Name	Net Worth	Sector	Born	Education	Age
1	Milchan, Arnon	\$5.20B	Chemicals, Movies	Palestine, Israel	BA London School Economics	71
2	Perlmutter, Issac	\$3.70B	Entertainment, Comic	Palestine, Israel	High School	73
3	Shani, Shaul	\$3.20B	Telecom	Israel	High School	61
4	Sagi, Teddy	\$3.10B	Gambling	Israel	High School	44
5	Shwed, Gill	\$2.30B	Software	Israel	High School	48
6	Neumann, Adam	\$1.50B	Real Estate eShare	Israel	Drop out Baruch U	37
7	Mori, Arkin	\$1.34B	Pharmaceutical	Israel	BA U Tel Aviv	71
8	Gerler, Dan	\$1.28B	Mining	Israel	High School or Less	43
9	Steinmetz, Ben	\$1.20B	Diamond	Israel	High School or Less	60
	Total	\$22.82B				508
	Average Net Worth	\$2.54			Average Age	56.44

The Immigrants SMBs are a lot richer, with average net worth at \$3.17B vs \$2.54B for Israel-born SMBs or nearly 25% richer

On the other hand, the Israel-born SMBs are a lot younger than the immigrant SMBs. In fact, the Israeli-born SMB are 10.23 years younger. The average age of Immigrant SMBs is 66.67 years old. The average age of Israel-born SMBs is 56.44.

**Who is doing better?** Foreign-born or Israel-born Self-made Billionaires?

If you want youth, it goes to Israel-born. If you look for wealth, it goes to immigrant.

But with only 26% of Israeli are immigrants, so the tie-breaker edge goes to the Immigrants.

## Chapter 8 Father and Son

This is the Father & Son Combo

No	Last Name	Sector	
1	Leviev, Lev	Diamond	Father
2	Arkin, Mori	Pharmacia ist	Father
3	Gertler, Dan	Mining	Father
4	Steinmetz	Diamond	Father
5	Milchan	Fertilizer	Father

There are 5 such family business. 5 divided by 18 gives/ 28% inherited their trade from their father

## Chapter 9 International vs Domestic Source of Wealth, 80% Overseas

No of SMBs	Sectors	My Estimation Percentage of Customers Overseas
3	Entertainment	90% overseas
3	Software	80% overseas
3	Mining	90% overseas
2	Real Estate	Neumann, 95% overseas , Tsuva 50% overseas
2	Diamonds	90% overseas
2	Telecom	100% overseas in France(Patrick Drahi), Brazil (Shaul Shani)
1	Machine Toll	90% overseas
1	Gambling	Sagi 95% overseas
1	Pharmacy	Domestic 80%. This is only exception

One might say my numbers are arbitrary and they are. But I believe they are also true. E.g. Milchan made more than \$400 million profit from the mega movie “Pretty Women”. It does not take a genius to figure 90% of the sales are overseas. Israel is a very tiny market for international films. Similarly, it is easy to believe 90% of the diamonds sold by Lev Leviev and Beny Steinmetz are sold overseas and not to Israeli.

## Chapter 10.01 Drahi, Patrick



Age 52 Net Worth \$6.6B Forbes 7/2016  
Citizen France, Israel Born Morocco  
Self-made in Telecom, founded Altice in 2001

EDUCATION École Polytechnique post graduate

RECORD Nickname "French Cable Cowboy"

### BEGINNING

1. He was born in Casablanca, Morocco to Jewish family in 1963. His parents were math teachers.
2. At age 15, he immigrated to France. He was an excellent student. He gained admission to prestigious École Polytechnique to study math and engineer. He also earned post-graduate degree in optics and electronics there.
3. His first job after graduation was working on fiber optics at consumer electronics giant Philips.
4. He read about American Cable tycoon John Malone and he was inspired. He would model after John Malone to buyout rival cable companies
5. Just like John Malone, his favorite method of financing was junk bond
6. In 2001, he founded his own telecom firm Altice. Altice would be based in the Netherlands

### SUCCESS

1. Altice would expand rapidly with around 20 acquisitions of various cable TV and mobile phone operators, France, Belgium, Israel, Portugal, and the Dominican Republic. The telecom companies he bought were mostly laggards and he bought them at a discount.
2. In Jan 2014, Altice went IPO in US.
3. The same year, he took over Virgin Mobile France and Portugal Telecom
4. In April 2014, Altice successfully won bid for Vivendi phone for \$23B, financed by junk bond in US
5. In 2015, he entered the US market by purchasing a 70% stake in cable TV operator Suddenlink in a \$9 billion deal. It is the latest debt-driven acquisition in a spree that has seen Altice Group following its January 2014 \$1.8 billion IPO. Drahi owns nearly 60% of Altice's stock.
6. By May 2015, Altice reached a market capitalization of US\$34 billion, as of May 2015.
7. It is estimated that more than 40% of Altice revenue comes from France, and 27% comes from Israel
8. He holds French and Israeli citizenship.

## Chapter 10.02 Wertheimer, Stef



Age 90 Net Worth \$5.6B Forbes 7/2016  
Citizen Israel Born Germany (emigrated in 1937)  
Self-made in Machine tools, founded ISCAR in 1952

EDUCATION High School

### BEGINNING

1. He was born in 1926 in Kippenheim, Germany
2. In 1937, at age 10, his family fled Nazi Germany and emigrated to Israel
3. In 1952, Wertheimer started in the backyard of his home in Nahariya, Israel a small metal tool cutting factory called ISCAR.

### SUCCESS

1. In 2006, Warren Buffet's Berkshire paid \$4B for 80% of the company
2. In May 2013, Berkshire paid \$2.05B for the rest of the company
3. In 2014, he also sold their 51% stake in Blades Tech.
4. Now he can concentrate on his philanthropy
5. He is working on his own method of creating a lasting peace between Israel and the Palestinian territories. He has devoted more than \$100 million to his capitalist kibbutzes.

### QUOTES

"It's not a real estate story. It is a story of picking companies that can make exports and create interesting jobs for the local people."

“;At the moment both sides are afraid of each other and don't see their future clearly”;

“The solution is to switch the focus from fear to success. Achievements in successful export industries, which need highly skilled people, can create an area as flourishing as South Korea and Singapore.”

“Israel and our vicinity is an area that traditionally has little industry. The area is known for history, it's known for religious stories, it's known a bit for agriculture but ... neither was the Jewish population thinking about export industry, nor the Arab or Palestinian population,”

“Germany and South Korea were able to lower unemployment through success in export industries. If our region will be successful in building export industries and skills, this will help promote peace.”

“Industrial parks that provide rent-free working space for industrial startups in Israel's economically disadvantaged and predominantly Arab regions. He was honored with the Oslo Business for Peace.”

## Chapter 10.03 Milchan, Arnon



Age 71 Net Worth \$5.2B Forbes 7/2016

Citizen Israel Born Israel

Self-made in Movies, founded Embassy International Pictures in 1982 (later renamed as Regency Enterprise)

EDUCATION BA London School of Economics

RECORD He is the world's only spy self-made billionaires (publicly admitted).

He is the world's largest independent movie maker.

He is also a serial entrepreneurs

### BEGINNING

1. He was born in in Rehovot, Palestine (now Israel) in 1944.
2. He was once a professional soccer player
3. He inherited his family's bankrupt fertilizer company and transformed it into a \$125 million business empire of agriculture, aerospace, animal health products, plastic, fiber optics and pharmaceuticals
4. In the 60s, he was recruited by Shimon Peres to work for Israeli Spy agent LAKAM. His mission was to pass nuclear secrets to Israel's Bureau of Scientific Relation.
5. In 1982, he founded Embassy International Pictures.

### SUCCESS

1. His big break came In 1990, with the movie *Pretty Woman*, a romantic comedy with a budget of \$14 million that became a mega box office hit of \$463.4 million. Despite the numerous critics, *Pretty Woman* made him a whopping \$400 million profit
2. In 1991, he renamed his company from Embassy International Pictures to Regency Enterprise.
3. Other notable commercial hits followed, most notable of which were *Under Siege* (1992) and *LA Confidential* (1997). These movies made him hundreds of millions.
4. In 2011, two authors, Meir Doron and Joseph Gelman published a book *Confidential: The Life of Secret Agent Turned Hollywood Tycoon Arnon Milchan*. In this book. They revealed his spy past. He did not deny his past.
5. By 2016, he has made more than 130 movie and is the world's most successful independent movie maker.

### QUOTES

(on being a spy for Israel) "in Hollywood they don't like working with an arms dealer, ideologically, (I) did it for country, and (I am) proud of it."

"I'm not an arms dealer, I don't sell guns, I don't sell rockets. If people knew how many times I risked my life, back and forth, again and again, for my country."

"When I came to Hollywood I detached myself completely from my physical activities to dedicate myself to what I really wanted — filmmaking. But sometimes it gets mixed up."

## Chapter 10.04 Perlmutter, Isaac



Age 73 Net Worth \$3.7B Forbes 7/2016  
Citizen US, Israel Born Palestine  
Self-made in Comics, bought Marvel Toys in 1990

EDUCATION High School

### BEGINNING

1. He was born to a Jewish family in Mandatory Palestine December 1, 1942.
2. He served in the Six-Day War in Israel in 1967 and after that immigrated to the US. He was 25.
3. He reported arrived in New York City with only \$250. He first earned his living using his Hebrew to lead funeral services outside Jewish cemeteries in Brooklyn.
4. Then he started to trade toys, beauty products on the streets.
5. By late 1980s, through extreme penny-pinching, he had become closeout king. With the profit he would made important acquisition in the next decade.

### SUCCESS

1. In 1990, he purchased Marvel Toys.
2. In 1994, he bought a controlling interest in Remington Products from Victor Kiam who was in debt.
3. In 1998, He joined the Board of Directors of Marvel Comics in 1993, and helped navigate Marvel through bankruptcy in 1996
4. In 2003, he won a landmark case against US by effectively cutting the tariff rate for X men by half. His arguments is X Men and his mutant heroes are not dolls, but toys.
5. Since 2005, he has been CEO of Marvel Entertainment.
6. In 2009, his company Marvel Entertainment was bought by Disney for \$4 billion, making him a billionaire.
7. He still owns Remington Products and Marvel Toys.

### QUOTES

He is very private and does not grant interview. Known for extreme frugality. Jeff Dunetz remembers Isaac Perlmutter took the paper clip of the letter, (which Jeff threw away) put it on my desk and said, "If you throw that out, I have to buy you another one."



## Chapter 10.05 Saban, Haim



Age 71 Net Worth \$3.6B Forbes 7/2016  
Citizen Israel; US Born Egypt, immigrated to Israel  
Self-made in Television

EDUCATION High School

### BEGINNING

1. He was born in Alexandria, Egypt to Jewish parents in 1944.
2. In 1956, the Saban family moved to Tel Aviv where they lived in a one room flat; his mother was a seamstress and his father sold office supplies
3. He was expelled from a Youth Aliyah school for being a troublemaker. Instead he enrolled in a night school
4. He started his career as a musician in the rock band in 1966 as a bass player and manager, where he would tour in London. In 1969, he returned to Israel and concentrated on being a music manager.
5. In the 1970s, he worked as music manager in France.

### SUCCESS

1. In 1988, he founded Saban Entertainment for TV in the United States. Saban Entertainment would produce many hits such as Power Rangers, Masked Rider, VR Troopers and Big Bad Beetleborgs.
2. In 2001, he sold his entertainment company to Disney for reported \$5.6B, of which he made \$1.7B. Disney would rename the new company ABC Family.
3. With that money, he founded Saban Capital in 2001.
4. In 2007, Saban and a group of private equity investors bought broadcaster Spanish TV Univision in the US for \$13.7 billion. He is now chairman and has a stake worth about \$600 million. Univision is the fifth largest TV network in the U.S.
5. In 2013, he purchased a controlling stake in publicly traded Israeli telecom firm Partner Communications through Saban Capital.

## Chapter 10.06 Tshuva, Yitzhak



Age 67 Net Worth \$3.5B Forbes 02/2016  
Citizen Israel Born Libya  
Self-made in Real Estate, founded El-Ad in 2007

**EDUCATION** High School

**REAL ESTATE TYPE** low-income housing, Restoration

### **BEGINNING**

1. He was born in Tripoli, Libya in 1948 to Jewish parents. He is 1 of 10 children.
2. When he was 6 months old, he immigrated to Israel
3. At age 12, he began working to support his family by taking on construction jobs
4. After his service in the Israeli army, he worked as a contractor for the Israeli Defense Ministry in construction and engineer.
5. He got his start in real estate in the 1970s, developing low-income housing in Israel.
6. In 1978, Tshuva joined local politics by founding the "Manof" party. At the 1978 municipal elections, Manof won three seats in the Netanya city council. In his capacity as member of the Netanya city council, He was in charge of construction, development, and neighborhood restoration.

### **SUCCESS**

1. In the 90s, he constructed thousands of new apartment units all over Israel to house new immigrants. At the same time, he founded El-Ad Group, a private, global company which is engaged in major acquisitions of real estate property in the United States and Canada.
2. He diversified into energy and discovered Natural Gas
3. He has discovered major offshore natural gas reserves along the coast of Israel that began in 2000. The Leviathan and Tamar reserve, one of a number of natural gas discoveries by the Delek group, was the world's largest gas reserve discovered in deep water in over a decade.
4. Privately he owns El Ad Group, a global real estate firm that has major developments in Manhattan, Florida, Montreal and Israel.
5. In 2013, El Ad Group sold off Buckingham Gate, a development near Buckingham Palace in London, for \$280 million in 2013. The same year, El Ad also successfully sold New York Plaza in Manhattan after a turnaround restoration,
6. El Ad specialized in restoration of landlord architecture around the world (from London, to Toronto to Manhattan) , and in Israel employed 5,000 people

### **QUOTES**

"The Israeli economy will be able to exploit the advantages of natural gas environmentally, geopolitically, socially and economically, (I will) turn Israel into an important international player,"

"When you grow up like I did, having to start work at the age of 12 to help my family make a living, you learn to persist and survive, There were many dry wells, but I believed that if we will persist we will find gas, and that is what happened."

## Chapter 10.07 Glasenberg, Ivan



Age 60 Net Worth \$3.3B Forbes 7/2016  
Citizen Israel, Australia, South Africa and Swiss, Born in South Africa  
Self-made in Mining, CEO of Glencore since 2002

EDUCATION MBA USC Marshall School of Business;

BA University of Witwatersrand

RECORD He holds 4 citizenship: South Africa, Australia, Swiss, Israel.  
This is a world record for self-made billionaires.  
He was a star athlete and holds record in race walking.

### BEGINNING

1. He was born to Jewish family in Johannesburg, South Africa in 1957
2. His father was a luggage importer from Lithuania
3. He holds BA from University of Witwatersrand
4. After graduation, he worked as accountant for Nexia Levitt Kirson (a firm of chartered accountant) for five years.
5. In 1983, he earned MBA from University of Southern California
6. In 1984, he joined Glencore, then under Marc Rich. Marc Rich was the secretive commodity trader who founded Glencore in 1974.
7. From 1989 to 1990, he managed Glencore's Beijing and Hong Kong Office and rose to Director of Coal.
8. In 2002, he became CEO of Glencore

### SUCCESS

1. He continued to work closely under Marc Rich.
2. In 2011, Glencore went IPO. Four billionaires were created and he was one of them. He was also the richest. He also became a Swiss citizen the same year.
3. In 2013, Marc Rich, founder of Glencore, died in Switzerland, where Glencore is headquartered.
4. In 2013, Glencore merged with Xstrata (two mining companies became one). He became default CEO of the merged entity. Michael Davis, CEO of Xstrata before the merger, is a friend of Glasenberg.
5. In 2014, the big slump in world commodity price began. Since then, he has lost more than half his net worth
6. The past 2 years, he is busy managing the huge debt of Glencore

### QUOTES

(On Glencore being a publicly listed company) "It gives you a lot of firepower to do things where you see opportunities, whether it's organic growth, whether it's acquiring companies, whether it's acquiring assets etc. It gives you a lot of flexibility and a lot of power."

"I don't think anyone realises that to date China consumes 50% of the worlds commodities. Almost all the commodities from oil to aluminium from copper to zinc etc."

"Different tax regime, royalty regime, different infrastructure problems so you've got to look at each country differently. Australia may have great infrastructure, good tax regime but they've as we saw last year they changed the tax."

"I think speculators create a market for a while, what I call the froth or whatever it is in the market but eventually the fundamentals prevail."

## Chapter 10.08 Shani, Shaul



Age 61 Net Worth \$3.2B Forbes 7/2016

Citizen Israel Born Israel

Self-made in Software, Telecom, founded Global Village Telecom in 1995

EDUCATION High School or Less

RECORD Serial entrepreneur, started multiple companies in different disciplines

### BEGINNING

1. He was born in Israel in 1955
2. He started with software. . In 1982 founded software firms Sapiens.
3. In 1985, he founded Oshap.
3. In 1985, he took Oshap Technologies public on Nasdaq.
4. He has been starting companies and making deals since the early 1980s.

### SUCCESS

1. In 1983, he founded Tecnomatix, which provides Manufacturing Process Management (MPM) solutions for the automotive, electronics, aerospace and other manufacturing and.
2. In 1993, Tecnomatix went IPO in NASDAQ..
3. In 1999, at the height of the tech bubble, he shrewdly sold Oshap Technologies to SunGard for \$210 million. He sold before the big collapse.
4. In 2007, he sold Tecnomatix to Siemen Ag
5. In 2009, he made the bulk of his fortune when he sold Global Village Telecom to Vivendi for \$4.5B. He pocketed about \$1.4B from this sale.

## Chapter 10.09 Sagi, Teddy



Age 44 Net Worth \$3.1B Forbes 7/2016  
Citizen Israel Born Israel  
Self-made in Gambling Software, founded PlayTech in 1999

EDUCATION High School or Less

### BEGINNING

1. He was born in Tel Aviv, Israel in 1972
2. His father owns a travel agency
3. He never went to college.
4. In 1994, at age 22, he was convicted by the Tel Aviv district court for manipulating bond prices also of fraud and bribery. He was sentenced to 9 months in jail.
5. He was living on the edge of law
6. In 1999, at age 27, He founded Gambling Software PlayTech.

### SUCCESS

1. PlayTech went IPO in London Stock Exchange in 2006
2. He now owned 49% of PlayTech
3. In 2014, he sold 15% of PlayTech, now he owns 33%. With the sales proceeds, he spent more than \$650M to buy up prime locations in Camden Market – a prime tourist destination in London
4. PlayTech is incorporated in Isle of Man

### QUOTES

“Sex and betting are the most profitable businesses on the internet.”

## Chapter 10.10 Shwed, Gil



Age 48 Net Worth \$2.3B Forbes 7/2016  
Citizen Israel Born Israel  
Self-made in Security Software, co-founded CheckPoint in 1993 with Shlomo and Marius Nacht

EDUCATION High School

RECORD He is the inventor of the modern firewall

### BEGINNING

1. He was born in Jerusalem in 1968.
2. He started programming at the age of 13.
3. In 1983, at age 15 and still in high school, he began studying computer sciences at Hebrew University in Jerusalem,
4. During his military service he was part of the Intelligence Corps' Unit 8200. There he met Shlomo Kramer.
5. After his military service had ended, he joined the Israeli startup Optrotech (currently Orbotech), as a software developer. There he met Marius Nacht.
6. In 1993, he co-founded CheckPoint together with Shlomo Kramer and Marius Nacht
7. That year, he invented and patented stateful inspection, which was to be the foundation of CheckPoint's famous FireWall-1.

### SUCCESS

1. In 2001, he first joined the billionaires list in 2001, only to quickly fall the list off in 2003 after the tech bubble burst.

2. In 2003, Shlomo Kramer left CheckPoint to found Imperva. In 2005, he would found his own IT security firm and Palo Alto Network.
3. In 2011, he returned to billionaire status again, as did Marius Nacht, who stayed with him at CheckPoint
4. In 2015, he is working to improve his FireWall product for new mobile threats.

#### QUOTES

"Today there are technological advances that can prevent many sophisticated attacks, but most customers are not using them."

"Unfortunately detection doesn't solve the problem. Cyber security must be resolved differently."

"Our investment in advanced threat prevention and mobile security are producing results, in 2016, we will continue to provide threat prevention solutions and technologies that will enable more customers to stay one step ahead of the threats on their network, mobile and cloud environments."

"In 2016, we will continue to provide threat prevention solutions and technologies that will enable more customers to stay one step ahead of the threats on their network, mobile and cloud environments."

(On 3 ways to protect a mobile environment) "One is to create a create a secure working environment on the mobile, separating the games and the personal stuff – create a secure working environment on the mobile. The second is to channel traffic through gateways that will scan the traffic. The third way and the most advanced is to go to the protection of the data itself. Encrypt documents and keep all your data secured so even if the data leaves the secure environment and corporate boundaries it is still secure."

## Chapter 10.11 Machkevich, Alexander



Age 62 Net Worth \$1.84B Forbes 7/2016

Citizen Israel, Kazakh Born Kyrgyzstan

Self-made in Mining, co-founded Eurasian Natural Resources Co (ENRC) with Patokh Chodiev and Alijan Ibragimov in 1994

EDUCATION BA Kyrgyz State University in Philology

### BEGINNING

1. He was born to Jewish family in Bishkek, Kyrgyzstan in 1954
2. He graduated from Kyrgyz State University where he studied philology, He wanted a career in academics.
3. During perestroika in 1989, he became a businessman. Together with Patokh Chodiev, and Alijan Ibragimov, he formed part of "the Trio," a group of Kazakh businessmen
4. In 1994, "the Trio" co-founded Eurasian Natural Resources Co (ENRC)
5. The Trio quickly cornered the market on the recently privatized chromium, alumina, and gas operations in Kazakhstan. These are some of the largest deposits in the world.

### SUCCESS

1. In 2007, ENRC was listed on the London Stock Exchange with market capitalization of £6.8 billion
2. By 2009, he acquired mining concessions in Eastern Europe and Africa. The same year, his firm ENRC generated more than a billion dollar profit ( \$1,462 million) on sales of \$3.8 billion.
3. In 2010, he made the List of Forbes Billionaire. So did the other partners of "the Trios", Patokh Chodiev and Alijan Ibragimov.
4. In 2013, Eurasian Natural Resources Co (ENRC) was delisted after a combination of market downturn and mounting fraud investigations. Very quickly, he made a secondary listing of ENRC on the Kazakhstan Stock Exchange
5. Since 2014, the commodity price collapsed hard and he lost more than half his net worth

## Chapter 10.12 Nacht, Marius



Age 50 \$1.71B Forbes 6/2016

Citizen Israel Born Rumania

Self-made in Software , co-founded Checkpoint in 1994 with Gil Shwed and Shlomo Kramer

EDUCATION BS(A) Hebrew U , U Tel Aviv

### BEGINNING

1. He was born in 1962 in Rumania
2. He graduated in physics and mathematics from the Hebrew University of Jerusalem and also in electrical engineering and communication systems from Tel Aviv University
3. He was a veteran of Talpiot, an elite division of the Israeli army,
4. In 1994, he co-founded Check Point Software Technologies with with Gil Shwed and Shlomo Kramer.
5. Checkpoint specializes in firewall, which is based on the patent of stateful inspection invented by Gil Shwed.

### SUCCESS

1. He had served as vice chairman of Check Point since 2001 to September 2015, when he became Non-executive Chariman
2. In 2003, Shlomo Kramer left Check Point to found Imperva, his own IT security firm, and Palo Alto Network in 2005
3. He has invested in early stage security startups such as LightCyber (January, 2012) and SafeDK (September, 2014)
4. Quiet and reclusive, he seldom grants interview



## Chapter 10.13 Neumann, Adam



Age 37 Net Worth \$1.5B Forbe 03/2016

Citizen Israel Born US

Self-made in Real Estate, co-founder of WeWork 2010 with Miguel McKelvey

EDUCATION Baruch College Dropout

REAL ESTATE TYPE Sharing Economy , Office

### BEGINNING

1. He was born in Tel Aviv in 1978 to single mom who is a doctor. He dad was also a doctor. He grew up in Kibbutz culture. A dyslexic student, he found refuge in windsurfing.
2. He was a naval officer of the spent 5 years there.
3. He came to US in 2001 and enrolled in Baruch College NY
3. His first venture was in Neumann founded a baby clothing company called Egg Baby, which he founded in 2006.
4. In May 2009 , he co-founded GreenDesk with Miguel McKelvey, each chipping in \$5,000. They, sold the GreenDesk in 2000 for a few million dollars.
5. The two ploughed all their sales proceeds into co-founding WeWork in the Soho District of New York. It will be Adam's third startup

### SUCCESS

- A1. WeWork aims to create an office environment based on community and connectedness. repeating an environment that centered around community and connectedness. Individual membership starts as low as \$100. Since 2010, WeWork had became the most successful New York Start Up
2. He expanded into SF, from New York City
3. He attracted likes of Martin Zuckerman WeWork will gross an estimated \$150 million this year with operating margins of 30%
4. In 2014 WeWork received \$355 million funding and valued at \$5B
5. In March 2016, WeWork received Now received 430 million round of funding , value at \$16B and over 30,000 members with 54 locations in US, Europe and Israel. And now planning to enter Australia and India.

### QUOTES

"During the economic crises, there were these empty buildings and these people freelancing or starting companies," Neumann told the New York Daily News. "I knew there was a way to match the two. What separates us, though, is community."

"We are not competing with other co-working spaces, We are competing with offices. And that is a \$15 trillion asset class in the U.S."

"During the economic crisis, there were these empty building and these people freelancing or starting new companies. I knew there was a way to match the two. What separates us, though, is community."

"We use a lot of glass; we build great common spaces; we put coffee and beer on every floor. And we really think of what happens when two people go get coffee, or even go to the bathroom. Every single thing happening should create interactions and connections."

"The one thing we learned about community, you can't force community. Everything has been organic."

## Chapter 10.14 Gertler, Dan



Age 43 Net Worth \$1.34B Forbes 7/2016

Citizen Israel Born Israel

Self-made in Mining, founded Dan Gertler International (DGI) in 1996

EDUCATION High School

RECORD Why so many Israeli in mining

### BEGINNING

1. He was born in Israel in 1973. His father was a diamond trader.
2. Moshe Schnitzer, his grandfather, co-founded the Israel Diamond Exchange in 1947. Moshe was also the president of Israel Diamond Exchange from 1967 to 1993.
3. He learned the diamond trade from his father and grandfather.
4. After 3 years in mandatory service in the Israeli Defense Forces (IDF), he opened his own diamond business
5. In 1996, at age 23, he founded the Dan Gertler International (DGI) group of companies
6. He sold off those diamond assets to purchase copper, gold and oil mining.

### SUCCESS

1. In 1997, he bought his first mine in the DRC (Democratic Republic of Congo)
2. Some said he befriended Joseph Kabila, the son of Congo President Laurent Kabila. Nonetheless, he secured exclusive right to buy diamonds from the Democratic Republic of the Congo (DRC), in 2000 for \$20 million dollars.
3. In June 2007, he partnered with Ivan Glasenberg of Glencore. He reported paid GB£300 million for a quarter of mining company Nikanor.
4. To counter his critics, in 2013, his Gibraltar-based firm Fleurette joined the Extractive Industries Transparency Initiative
5. He also has plans to drill for oil Lake Albert of DRC. Lake Albert, formerly Lake Mobutu, is 2,000 square miles on the border of Uganda.

### QUOTES

"Everyone comes with dreams and illusions and promises. Everyone wants quick deals. They don't want to invest."

"I took a decision that I wanted to be a long-term player in Congo."

"If there is the right opportunity for us to have a big oil play in Congo or somewhere else, we will definitely go for it."

"That is what we know how to do better than anyone else: We know how to maximize value for our projects. If the government would like to hire my services to maximize value for their stake, they should approach me. No problem."

## Chapter 10.15 Arkin, Mori



Age 63 Net Worth \$1.28B Forbes 7/2016

Citizen Israel Born Israel (verified)

Self-made in Pharmaceutical, founded Agis Industries in 1983

EDUCATION BA in Psychology and Philosophy from University Tel Aviv

RECORD Father and son combination

### BEGINNING

1. He was born in Israel in 1953
2. He earned his BA in Psychology and Philosophy from University Tel Aviv
3. He was with Israeli Defense Forces (IDF) until 1972.
4. He left IDF to help his father run a small pharmaceutical distribution

company. His father's firm was threatened when the big pharmaceutical companies tried to create their own distribution network. Father and son decided to go into generic drug. .

5 In 1983, he incorporated his firm Agis Industries.

6. In the next 2 decade, he led Agis Industries to prosperity.

### SUCCESS

1. In 2004, he sold Agis Industries to American pharmaceutical company Perrigo for \$818 million in cash and stock

2. After the sale, he remained Vice President of Perrigo until 2007

3. From 2007 to 2011, he retired as VP Perrigo and remained as Director of Perrigo.

4. Now his second life as non-pharma begins He bought 30% stake in Bezeq, owned by Haim Saban (another Israeli billionaire) s

5. In 2009, he founded Mori Arkin Holdings in 2009.

6 He also diversified and invested in Israeli hedge fund Sphera Global Healthcare, where he invested more than \$100 million for about 20 pharma and medical device companies.

7. . He also diversified by investing into Hapoalim, the largest bank in Israel. He also owns shares of ,, French bank Societe Generale.

### QUOTES

(On 15 medical start-up companies, many housed under the umbrella of Arkin Holdings in 2012) "It is an exciting time to be involved in Israeli ventures,"

"Usually, when a good company is acquired, it is for a significant premium. In our case, it's negligible, if at all."

"If we wait a few months, we would have the same price without all the hassle and risk involved in a Mylan deal."

## Chapter 10.16 Steinmetz, Beny



Age 60 Net Worth \$1.2B Forbes 7/2016  
Citizen Israel, French Born Israel  
Self-made in Mining, Diamond & Real Estate

EDUCATION Netanya Academic College

RECORD Father and Son Combination

### BEGINNING

1. He was born in Netanya, Israel in 1956, the fourth child of Ruben Steinmetz.
2. He inherited the Geneva-based Steinmetz Diamond Group from his father.
3. In 1977, he completed IDF of 3 years at age 21
4. In Antwerp he met and joined one of Belgium's leading diamond dealers Mr. Abraham Laub.
5. Steinmetz along with his brother Daniel founded what subsequently became known as Beny Steinmetz Group Resources (BSGR).
6. By 1996, after having lived in Belgium for some 18 years, he and his wife decided to return to Israel.

### SUCCESS

1. His next venture was in real estate in Kazakhstan, Russia and eastern Europe
2. He also expanded into iron ore in Simandou, located in the far interior of Guinea, may not be worth the mineral's perceived value: \$10 billion and the company's investment in the world's largest iron ore deposit
3. In 2014, he sold his stake in Geneva-based Steinmetz Diamond Group and sold his stake to his brother Dan Steinmetz.
4. Since 2014, he has lost 70% of his net worth from \$3.5B to \$1.1B
5. His firm BSGR acquired mining the rights from the late Guinean dictator Lansana Conté for free, after Conté stripped the rights from Australian mining giant Rio Tinto ??
6. In ?? he sold 51% of Brazilian mining rights to Vale for \$2.5B, but has a lot of trouble collecting his money. He was involved in multiple acrimonious litigations and collected only \$500M
7. Now his business empire is split among diamond, engineering and real estate

### QUOTES

(On his company) "There are no skeletons in the closet.. The company doesn't pay anything to anyone, not one penny to politicians; we simply don't do this kind of thing."

(On media coverage). "It's not because I'm shy or scared, it's just not my style. I don't need it. It angers me that a timed, planned and paid smearing campaign is run against me in the press. We will fight it and we have already won the lawsuit we filed in London."

(On his role in BSGR) "(I was) adviser..I don't make decisions in BSGR."

(Interview with Financial Times in 2012) "People don't like success,"It's disturbing to people that the small David can disturb the big Goliath." (BSGR.'s strategy is to pursue) "opportunities in an aggressive way..You have to get your hands dirty."

## Chapter 10.17 Leviev, Lev



Age 59 \$1.09B Forbes 7/2016  
Citizen Israel Born Uzbekistan  
Self-made in Diamond, Mining and Chemicals

EDUCATION High School or Less

RECORD Nickname "King of Diamonds"

### BEGINNING

- 1 He was born to Bukharian Jewish family in Samarkand, Uzbekistan in 1956.
2. In 1971, when he was 15 his family emigrated from Uzbekistan to Israel.
3. He began to work as an apprentice in a diamond polishing plant, learning all the steps of the diamond cutting process.
4. After serving in the Israel Defense Forces, he established his own diamond polishing plant.

### SUCCESS

1. In the 1990s, he made himself a name by undercutting the De Beers diamond cartel. He would strike deals with diamond-producing countries such as Russia and Angola, offering higher tax rates and higher return to the host countries by cutting down diamond smuggling and increasing transparency.
2. After the revolution of 1989 (Perestroika), he moved into Angola for diamonds.
3. In 1996, he diversified into banking with the acquisition of Bank Leumi, one of the largest bank in Israel
4. In 2007, he diversified into real estate by buying a part of The New York Times building in New York.
5. The same year, he moved to London with his family. He owns diamond jewelry boutiques in New York, London, Dubai and Singapore.
6. His investment is scattered between diamond, chemical and real estate. He even once tried unsuccessfully to get into the incarceration business in Israel.

## Chapter 10.18 Kahn, Morris



Age 86 Net Worth \$1.0B Forbes 7/2016  
Citizen Israel Born South Africa  
Self-made in Software, founded Amdocs in 1960, Aurec Group

EDUCATION High School

RECORD nickname "Startup Junkie". Among his many many first startup in Israel are.

'(1) first cattle ranch, (2) first ski resort and (3) first underwater aquarium

### BEGINNING

1. He was born in Benoni, South Africa to Jewish parents in 1930
2. He sold lead-crystal radio sets while in high school and he opened bicycle stores.
3. In 1955, he visited Israel and fell in love. In 1956, at age 26, he emigrated from South Africa to Israel
- 4 In Israel, his first business venture was breeding a new strain of chickens.
5. In 1960s, he created company Amdocs, Amdocs is a customer-relationship management (CRM) and it also does billing for large telecom companies.
6. In 1968 , he founded Aurec Group. Aurum means gold in Latin.
7. 1972, he built the first underwater observatory

### SUCCESS

1. In 1998, he sold Amdocs for close to \$1 billion.
2. In 1999, he sold off Aurec Group , the cable and telecom company he founded in 1968, for more than \$200 millions.
3. In 2006, he cracked billionaires on Forbes List. He was always secretive about his wealth, but Forbes did the calculation
4. He concentrates on environment, with his son Benjamin, who is a marine biologist. He con-founded Coral World International, a chain of aquariums located in far off locations as the Bahamas and Australia and Hawaii.
5. He continues with a few His hope is that his Time to Know start-up will revolutionize education in Israel, and even abroad. He has earned the nicknamed Startup Junkie, for a fairly old man with many dreams

### QUOTES

(first visit to Israel in 1955) "a strange country, a foreign language, different food – but a feeling of being at home with my people."

(On revisit to South Africa) "South Africa is a completely different country today to what it was when I was your age. We can thank Mandela for ensuring that a blood bath did not occur during the transfer of power. Standing her today, I feel privileged to be able to share my story with you,"

"Don't give up and don't be afraid to fail," "Be outrageous, but always remain ethical. You need to be able to look at yourself in the mirror each day and say to yourself that what you are doing is right!"

"Although I have had tremendous financial success, my greatest achievements are the social projects that I initiated, for example therapeutic horse riding for disabled children and cataract operations in Africa to restore sight to the blind. One's greatest achievements are always the good deeds that one can do for others."

"Education is the Key to our future. And the education of the youth is the place to start."

"My first big project involved the plight of Israel's naval commandos who had trained in the polluted Kishon

River. These young people were dying of cancer yet no one was prepared to recognize the problem. We forced a government commission and the river is being cleaned up."

## Chapter 11 The 5 Big Obstacles against Israeli SMBs

Israel is not supposed to succeed, the obstacles for self-made billionaires are as follows:

#	Obstacle	Description
1	Small country	Small country means small domestic market
2	Resource poor	Means country must import a lot.
3	Surrounded by enemies	Israel is surrounded by enemy states on all sides.
4	High tax	It is easier to grow a business if taxes are low. Highest Income Tax for Israeli is 50%
5	Military service	3 years of compulsory military service for men, 2 years for women. Years spent on military could be spent on starting and growing a business

Let say we compare Hong Kong Self-made Billionaires (rank #1) with Israeli Self-made Billionaires (rank #2). The obstacles facing the Israeli are more obvious.

On (1) and (2), both Hong Kong and Israel are small country and resource poor.

But on (3), (4) and (5), one can easily see the business advantages: (1) Hong Kong is surrounded by China, a friendly state. (2) Hong Kong has the lowest income tax for super-wealthy individuals. The maximum income tax in Hong Kong is 15% and lastly (3) there is zero military service in Hong Kong. Every man and every woman have extra years they can devote to building a business.

## Chapter 12 Final: the 4 Surprises and the 4 Unanswered Questions

### 12.1 Small Sample Bias and No Conclusions

This is my final chapter. I deliberately write this so this is also one of the shortest chapters. The chief reason is small sample bias. With only 18 Israeli Self-made Billionaires, it is not safe to come up with generalization, lessons and conclusions.

### 12.2 The Four Surprises.

My research yielded 4 surprises. First, more than 60% of Israeli SMBs have high school or less education. Second, computer and high tech ranks only 3<sup>rd</sup> in sectors. The bigger and lucrative sectors are (1) Mining and Diamond and (2) Entertainment. How is this possible? Third, all the 18 Israeli SMBs in this book are exclusively male and Jewish. There is no Arab, no woman in this list. Fourth, I found the immigrants, with 26% of the population, do significant better than native-born Israeli. Immigrants made up 50% of the total Israeli SMBs I have difficulty trying to explain my four surprises, so I am happy to leave them as unanswered questions.

### 12.5 The Four Unanswered Questions:

Question 1: Are Jewish people Genius? This is a most dangerous question for non-Jews to answer. But I am driven by curiosity. Given the 5 big obstacles I mentioned in Chapter 11, I think the SMBs in this book come close to have created the almost impossible.

Question 2: What are the opportunities in Israel?

The easy temptation is to put all the opportunities overseas. It is easy to see how much bigger the international market for mining and diamond, for entertainment and for software. But the average age of Israeli born SMBs is 56, suggesting Israeli is a very young nation and there are huge opportunities everywhere, even inside Israel.

Question 3: Is there a generational transfer?

In Chapter 8, I have found 5 such cases of father and son businesses or about 28%. Is there such a thing as generation transfer of business acumen?

Question 4: Risky vs knowledge?

The fact that more than 60% of Israeli self-made billionaires have high school or less formal education and also that half of Israeli SMBs are immigrants suggest to me that taking risk is more important than knowledge.