

## “We do not run away – we face the crisis and we deal with it” - Q&A with Lisya Bahar Manoah, Catalyst Investments

BY KARIN WASTESON | 12/08/2020 - 12:25PM



*Lisya Bahar Manoah (pictured) recently joined Catalyst Investments as a partner, based in Tel Aviv in Israel. The firm was founded in 1999 by Edouard Cukierman, Yair Shamir and Boaz Harel.*

Born and raised in Istanbul, Bahar Manoah studied mechanical and industrial engineering, and then worked in the automobile industry in Austria. Having earned an MBA from Tel Aviv University and an executive degree from Harvard University, she worked in the agro-chemical industry at ADAMA, which was sold to Chemchina for USD2.4billion and then joined Keter Group prior to Catalyst.

Bahar Manoah led the operational due diligence process prior to the acquisition of Keter Group by BC Partners for USD1.73 billion and led its post-acquisition integration.

### **What will be the main focus in your new role?**

Catalyst is investing mainly in growth stage companies with IL nexus. We invest in diversified sectors – mobility, Industry 4.0, ad-tech, satellite communication, med-tech and life-science. Our investment strategy has a global focus, which means that most of our portfolio companies have already established their HQ in Europe, Asia and USA – simply due to the reason that Israel in itself is a very small market and to really reach

growth stages, companies must cross borders and increase exposure in other larger markets around the world. Catalyst is global and has no fear of exploring new markets; we have a JV with China Everbright on our third fund.

Throughout my career, and especially working in Israel at Adama and then Keter, you can't help but be exposed to the Israeli tech scene, which is such a dominant part of the economy here. And looking today to Catalyst, I am glad to be in a position where I can use my experience to actively support this unique industry on a broader scale through investing in high tech companies, being on boards, bringing them to IPO or M&A and supporting them during the crisis.

### **What is the most useful thing you have learned in your career so far when it comes to investing and portfolio management?**

Each culture in the different countries I lived in taught me a lot. In Turkey, I learned to listen carefully and to have empathy – this helps me to understand people who lead high-tech companies and understand the expectations of investors. In Austria I learned structure and discipline, which helps me a lot today during transactions. In Israel, I'm never giving up and I'm outside of the box, which helps me on the negotiation tables and selecting the right portfolio companies.

### **What are some of the main trends and challenges within the private equity space in Israel at the moment?**

Looking at the record high numbers, investments of USD5.25 billion in H1 2020 in 312 deals, an almost 40 per cent year on year increase, we might think Israeli high-tech have survived the crisis relatively unharmed.

A deeper dive into the underlying facts gives us a different perspective. Many of these transactions are deals which began before the crisis or cases where existing investors injected emergency funding into portfolio companies. Israeli and foreign investors brought follow-on investments during Q2 to record levels – 509 investments.

However, we are likely to really feel the impact of Covid in the longer term when companies struggle to find new customers/renew contracts in 2021, and dry powder begins to run out. That's why it's important that GPs plan now and take steps to reduce risk.

One of the main challenges that we face in Israel are travel restrictions. This means we need to look more inwards, focus on existing portfolios and relationships, prioritise geographies where recovery has been quicker.

On the other hand, Covid-19 has accelerated digital transformation initiatives at a pace we have never seen before. Businesses have been forced to rethink timelines on how to be more agile, and more data driven. High tech companies are implementing their technology to fight Covid-19. As a result, the industry will move in favour of specific trending sectors - life sciences, software companies, edtech, gaming etc. The number of life sciences investments is in pace for a record year, following 70 deals in the last six months. AI continues its strong capital raising trend with 100 deals.

Ultimately, however, this industry is long-term in nature which gives us the right tools to ride out downturns such as the one we are experiencing today. We invest in companies that we believe are fundamentally good. Yes they may experience better periods than others but we are confident that in the long run many of them will be successful, and we have the flexibility to wait for the storm to end.

### **How is Catalyst as a firm navigating risk management during the pandemic?**

First, we, as GPs, stay present, this is the most important fact. We do not run away, we are there, we face the crisis and we deal with it.

It is important that we address risk from all sides. Be it demand-side risk where we can aim to minimise revenue impact by, for example, shifting the strategy wherever recovery has been quicker. We have done this with our portfolio company Arbe Robotics 4D Radar Technology, which continues with its operations in China, since China has recovered quicker. In fact, in China it's pretty much business as usual already with car sales in line with pre Covid-19 levels.

From a production or operational perspective, although we must be prepared for some slight delays, it is vital that we encourage management to maintain the momentum. A good illustration is with our life science investments who continue to progress with clinical trials. In fact one of them, Lutris, successfully completed Phase 1 trials just last month and has now started planning for the Phase 2 study.

We also finalised one deal that we started before Corona. Our advanced manufacturing portfolio company, Lamina, whose HQ is in Switzerland, has recently been sold to Triton, a major German PE fund and all this happened during the pandemic.

We continue to invest – especially follow-on investments are important for our portfolio companies to provide them with enough runway for the next 12 months. We make sure our portfolio companies know that they have our full support and backing, especially at such times where maintaining morale is critical, in order to keep teams motivated and retain key employees.

In a nutshell, we are staying focused on our 20-year-old investment strategy – find the best high-tech companies, with strong management teams, and invest in them and help them scale. The market continues to demonstrate appetite, in terms of both acquisitions and investments, for companies with significant growth potential.

### **In what direction do you see the private equity industry moving as a result of the current crisis?**

PEs will move out from the crisis by adapting to changing circumstances -we need to be the most adaptable to change. As Darwin said, those who survive are not the strongest or the most intelligent, but the most adaptable to change.

Forward looking PE/VCs, such as Catalyst, will move out from the crisis through a host of measures; taking care of employees at portfolio companies, shoring up cash balances through follow-on investments, assessing risks and strategising on sales and operational adjustments.

We need to understand risks and opportunities for each portfolio company: liquidity risk; product, demand side risk and revenue impact; supply side risk and operations impact and other risk such as employee departures.

We boost communications with portfolio companies – we help them wherever possible and share our ideas on how to get through the crisis. Portfolio protection and management is the number one priority for us.

### **How do you find working in the male-dominated PE industry?**

Being a woman in an industry which has typically been male-dominated for so many years – only around 8 per cent of VC partners in Israel are female – I feel committed to promoting the values of gender diversity, and I'm happy that Catalyst is driving forward this very important mission.

Unfortunately, studies show that subconscious biases against women in technical and financial roles continue, a sentiment that is in fact more strongly felt as you go up the corporate ladder. Women are less likely to attract senior sponsorship needed to accelerate their careers. This can be due to a halo effect, which is the tendency to advocate for and mentor those similar to oneself.

The more we are exposed to female role models and mentors, we, as women will be encouraged to enter into tech and PE industries and climb the ladder of leadership.

The effects will undoubtedly be exponential and for similar reasons, the more female decision makers we see from the investment side, the more we will also see on the entrepreneurial side, which is equally as important. Having a well-represented talent pool is critical for driving innovation and understanding the broader spectrum of market needs.

Studies also show that "diversity of opinions" in boardrooms and investment committees leads to better decisions. I hope that Catalyst as a firm will soon reap the benefits of bringing diverse perspectives to the table.

<https://www.privateequitywire.co.uk/2020/08/12/288520/we-do-not-run-away-we-face-crisis-and-we-deal-it-qa-lisya-bahar-manoah-catalyst>