

EU OPEN FOR BUSINESS – A NEW COMPASS FOR SMEs

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European Innovation Council and funding for innovation

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EIC Fund and R&I investments

European Innovation Council and SMEs Executive Agency (EISMEA)

What's holding back European innovation?

Innovation performance

- Strong research performance not translated into innovation
- Lack of breakthrough / disruptive innovations that create new markets

Innovation funding

- Financing gaps (2 "valleys of death") in
- Transition from lab to enterprise
 - Scaling up for high-risk innovative start-ups

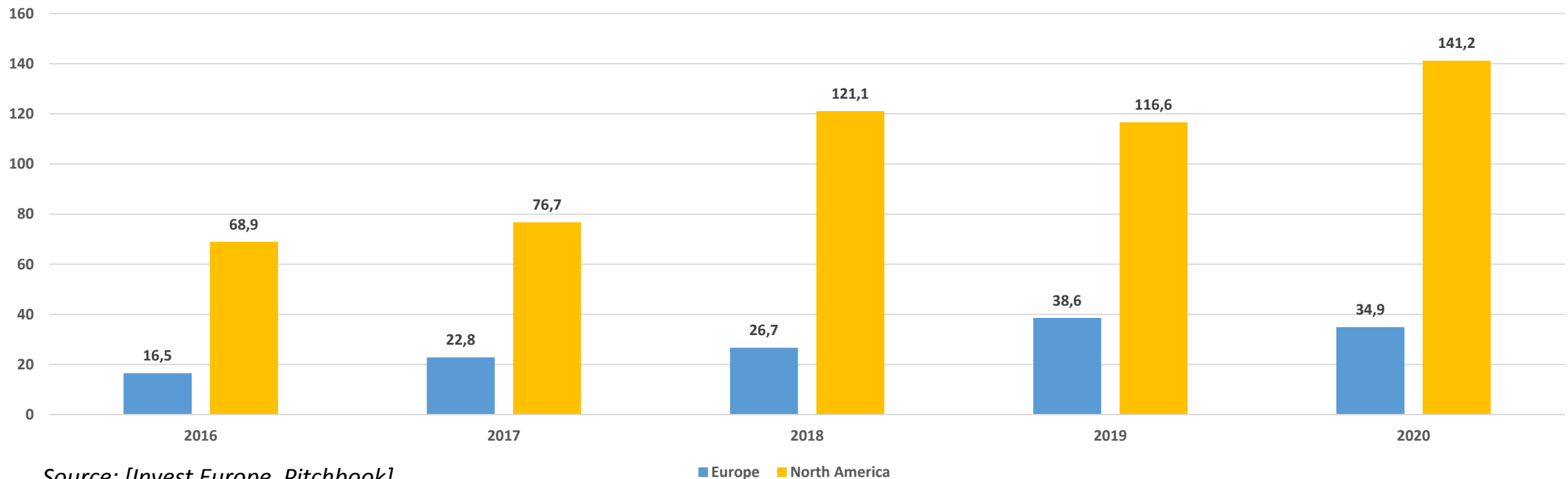
Innovation ecosystem

- Many national & local ecosystems, but fragmented at European level
- Need to include all regions and all talent (especially female)

Funding gap for scaling up highly innovative startups and SMEs

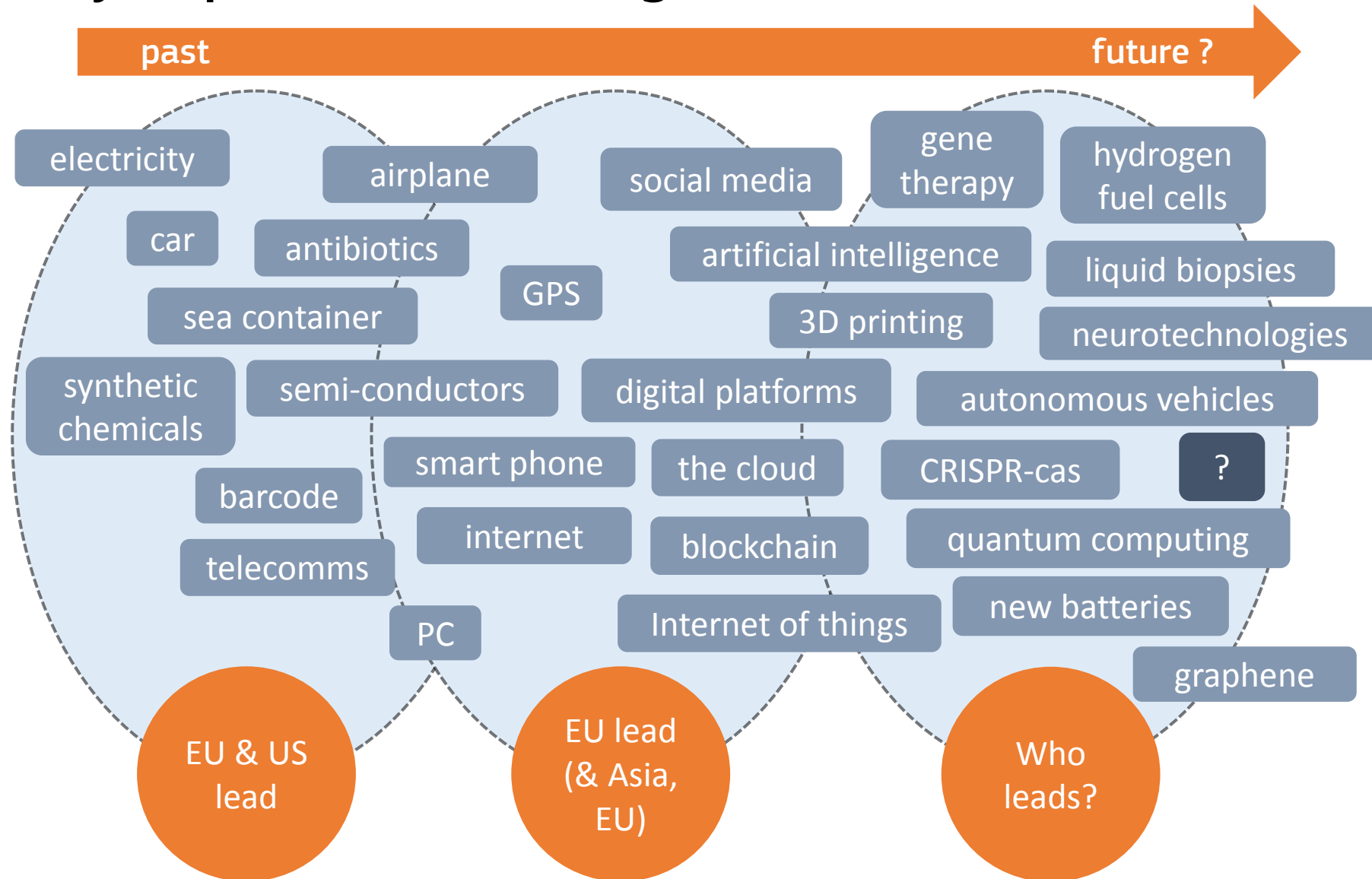
US venture capital investments are 4-5 times higher than EU

Capital invested by year (B\$)



Source: [Invest Europe, Pitchbook]

What is at stake: who will lead on the next wave of strategically important technologies?



Examples taken from WIPO, MIT, WEF, OECD, etc.

The European Innovation Council

Europe's most ambitious innovation initiative

- **€10 billion** programme to identify, develop and scale up breakthrough technologies and disruptive innovations in Europe
- **Unique** in the world to combine research on emerging technologies with Accelerator for startups, SMEs and scaleups
- **EIC Fund** largest VC deep-tech investor in Europe (over €3 billion)
- **Innovator-centric** steered by Board of leading innovators
- **Pro-active approach** with flexible funding
- Enhances the **European innovation ecosystem**

Part of the Innovative Europe pillar of Horizon Europe

European Innovation Council

- Support to innovations with breakthrough and market creating potential

€10.1 billion

European innovation ecosystems

- Connecting with regional and national innovation actors

€520 million

European Institute of Innovation and Technology (EIT)

- Bringing key actors (research, education and business) together around a common goal for nurturing innovation

€2.9 billion

EIC main instruments and characteristics

Pathfinder

- **Early stage research** on breakthrough technologies
- Grants up to €3/4 million
- Successor of FET (Open & Proactive)

Transition

- **Technology maturation** from proof of concept to validation
- **Business & market readiness**
- Grants up to €2.5 million

Accelerator

- **Development & scale up** of deep-tech/ disruptive innovations by startups/ SMEs
- Blended finance (grants up to €2.5 million; equity investment up to €15 million)
- Successor of SME instrument

- Mission to **identify, develop and deploy high risk innovations** of all kinds
- Focus on **breakthrough, market-creating, deep-tech**
- Steered by **EIC Board** of leading innovators (entrepreneurs, investors, researchers, ecosystem)
- **Business Acceleration Services** (coaches/ mentors, corporates, investors, ecosystem)
- **Pro-active management** (roadmaps, reviews, re-orientations, etc) with EIC Programme Managers
- **Follow up funding for results from Horizon** (ERC, EIT, collaborative) & national programmes

The EIC Accelerator Programme

What are we looking for?

Start-ups and SMEs seeking to **scale up** high impact innovations with the **potential to create new markets** or disrupt existing ones

Innovations building on **scientific discovery** or technological breakthroughs ('**deep tech**')

Innovations where **significant funding** is needed over a **long timeframe** and are **too risky** for private investors alone

What support can you receive?

Grant and investment

If you need support for development (TRL 5/6 → 8), deployment and scale-up (TRL 9).

Grant first

If your innovation still requires significant work to validate and demonstrate in relevant environments to assess its commercial potential.

Grant only

If you can prove that you have sufficient financial means for deployment and scale-up (TRL 9).

Investment only

If you are looking to fill the funding gap for rapid scale-up of your high-risk innovation and you don't need a grant.

Investment component

- minimum EUR 0.5 million and maximum EUR 15 million,
- usually in the form of direct equity or quasi-equity,
- maximum 25% of the voting shares of the company,
- “patient capital” principle (7-10 years perspective on average).

Grant component

- maximum EUR 2.5 million,
- eligible costs are reimbursed up to a maximum of 70%,
- innovation activities supported should be completed within 24 months,
- small mid-caps are not eligible for grant (but can apply for investment only).

The evaluation step by step

- 1**
 - You have a disruptive / deep tech idea with a potential to scale up
 - **Tell us your story** and submit your short application to be assessed by remote evaluators
- 2**
 - We help you to prepare your **business plan** and draft a proposal with AI tool and coaching
 - **You submit your full proposal**
- 3**
 - **Your full proposal** is assessed by remote evaluators
- 4**
 - **You pitch your innovation** in front of EIC Jury Members
 - If selected, you sign the Grant Agreement
- 5**
 - **In case of investment component**, you enter a due diligence process + compliance checks
 - At the end of the process, you sign the Investment Agreement

The selection criteria

Excellence

- Does the innovation have a high degree of novelty with the potential to create or disrupt markets?
- Is the timing right for this innovation in terms of market, user, social or technological trends?
- Is the innovation based on a technology validated in a relevant environment (at least TRL 5/6)?
- Does the company have the IP rights to ensure freedom to operate and protection of the idea?

Impact

- Does the innovation have scale up potential? Are the financial needs well assessed and realistic?
- If successful, will the innovation achieve broader social, economic or environmental impacts?
- Has the potential market been adequately assessed? Has the competitive analysis been thoroughly performed?
- Is there a convincing and well thought through strategy for commercialization, business and revenue model?
- Have the key partners required to develop and commercialize the innovation been identified and engaged?

Risk

- Does the team have the capability and motivation to bring the innovation to the market?
- Is the implementation plan clear with defined milestones + deliverables together with realistic resources + timing?
- Does the nature and level of risk prevent market actors to invest alone? Would they be willing to co-invest?
- Have the main risks and their mitigation measures been identified?

The EIC Fund

What is its mission?

- To **bridge the critical financing gap** faced by innovative science and engineering based companies when bringing their technologies to the market.
- To scale up breakthrough European innovations.
- To crowd in other investors, further sharing risks.
 - ✓ To build a **large network of capital providers and strategic partners** suitable for co-investments and follow on funding.
 - ✓ To provide a single point of access to an **aggregated (Europe wide) deal flow of relevant investment opportunities**.

On the investment component

- The EIC Fund provides **patient capital** in the form of equity or quasi-equity with a long term perspective (7 to maximum 15 years)
- It invests at **early stage** (seed, start-up, scale-up) from € 0.5 to 15M
- It may reserve **follow-on capital** to invest in subsequent series.
- It usually targets **minority ownership** stakes (from 10 to 25%), and up to a blocking minority in cases identified by the EC as of strategic interest for the EU.

InnovFin – EU Finance for innovators

InnovFin Equity

- Investment into or alongside venture capital funds, technology transfer, or business angels targeting early-stage companies in innovative sectors covered by Horizon 2020 (e.g. life sciences, clean energy, high tech)
- ✓ 96 operations signed with financial intermediaries totalling EUR 1.5bn*
- ✓ 907 early-stage companies supported with EUR 1.4bn*
- ✓ EUR 7bn to be invested in eligible final beneficiaries
- ✓ 24 countries already covered (EU MS, H2020 Associated Countries, UK)

[Find out who the supported funds are](#)

*Data as at 31/12/2020

InnovFin SME Guarantee

Largest pan-European guarantee scheme supporting innovation in the EU & beyond

EUR 17.5bn of Guarantee agreements signed

Covering 43 countries

EU 28 + H2020 Associated countries

Over 240 agreements with FIs

Commercial Banks (incl. Leasing)
National Promotional Institutions (NPIs)
Alternative Lenders (ALs)

Enabling over EUR 30 bn of financing

Supporting >30,000 innovative companies

Supporting > 1 million jobs

[Find out who the supported intermediaries are](#)

*Data as at 31/12/2020