
TOWARDS A EUROPEAN INNOVATION COUNCIL (EIC)

Boosting research-driven entrepreneurship in Europe



Basic understanding

EIC as we see it: reinforcing the ERC

erc

- Investigator-driven
- Bottom-up, no topics
- Extending scientific frontiers
- Scientific excellence
- No regional / political motivations

- **Starting grants → Advanced grants**

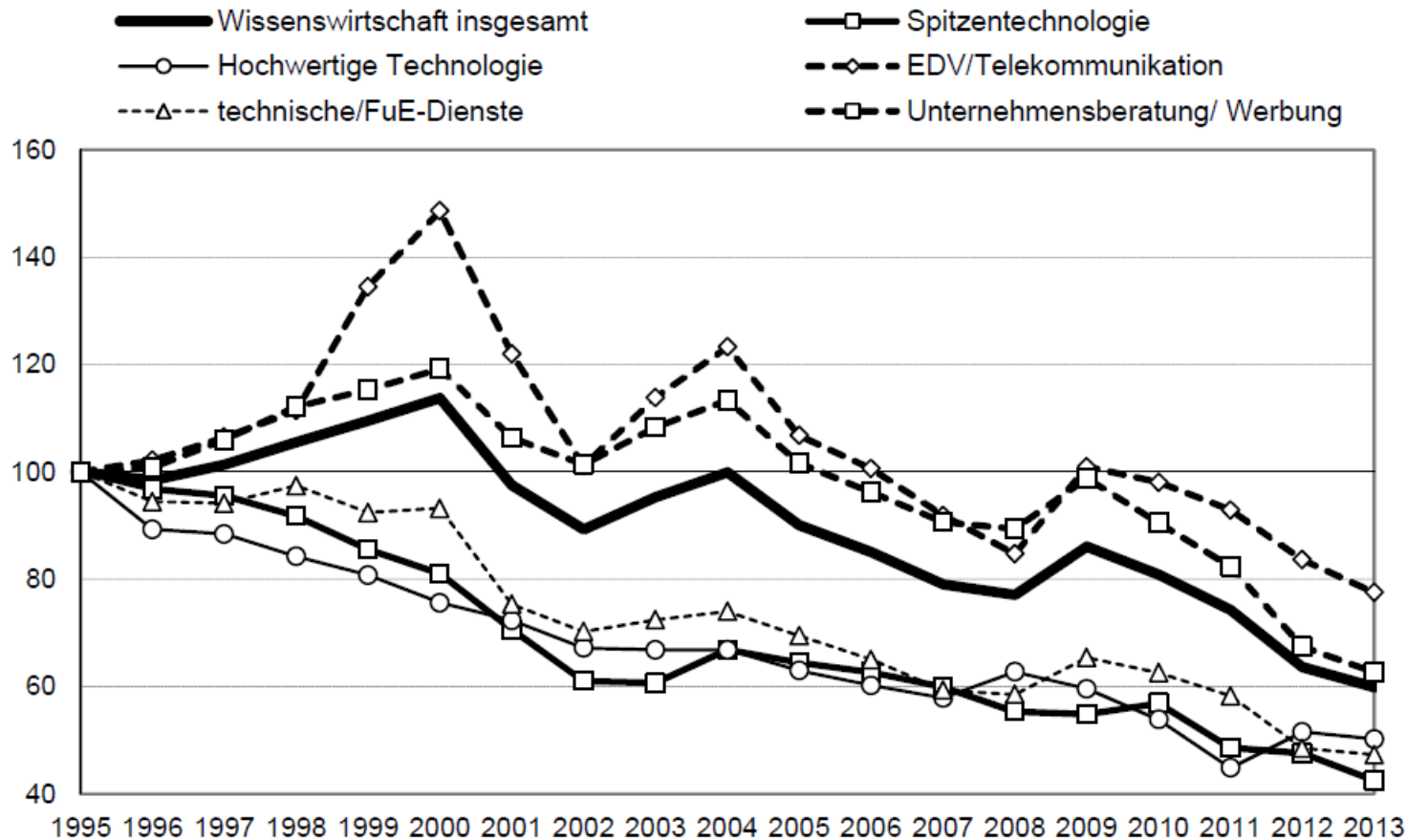
eic

- Innovator-driven
- Bottom-up, no topics
- Creating economic impact from research
- Applied research excellence with business potential
- No regional / political motivations

- **Grants/ seed investment for research-driven start-ups, spin-offs, → SMEs, mid-cap and RTOs**

Further improve the valorisation of research e.g. Entrepreneurship in the German knowledge economy

*Unternehmensgründungen in der Wissenswirtschaft in Deutschland 1995-2013
(1995=100)*



Entrepreneurship is a common European weakness

Research-riven start-ups need European market

NEWEUROPE

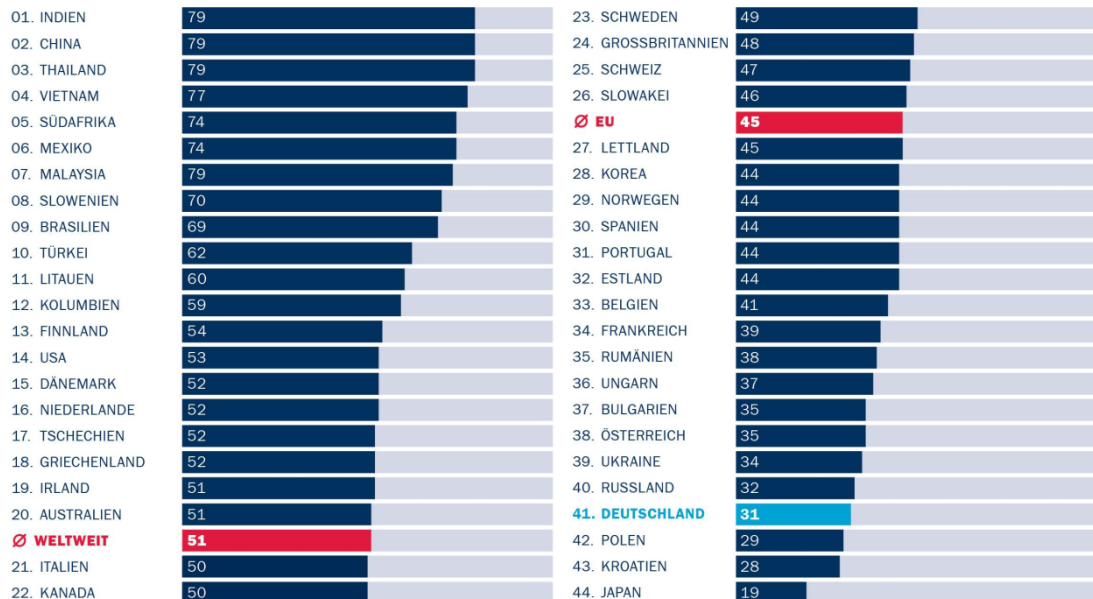
Global entrepreneurial spirit index finds Europe lagging

Published 15:22 November 18, 2015

AMWAY ENTREPRENEURIAL SPIRIT INDEX



Der Amway Entrepreneurial Spirit Index gibt an, wie ein repräsentativer Bevölkerungsanteil eines Landes einem Gründungsvorhaben gegenübersteht. Der Indexwert wird aus dem Durchschnitt der drei gleich gewichteten Dimensionen „Erwünschtheit“, „Durchführbarkeit“ und „Stabilität gegen sozialen Druck“ gebildet.



Bei Gleichheit des Wertes entscheidet die ungerundete Zahl über den Rang.

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- Entrepreneurship common European weakness
- high value creation in research-riven entrepreneurship
- Entrepreneurs from research and in high tech markets need a European (or even global) market

The European Challenge

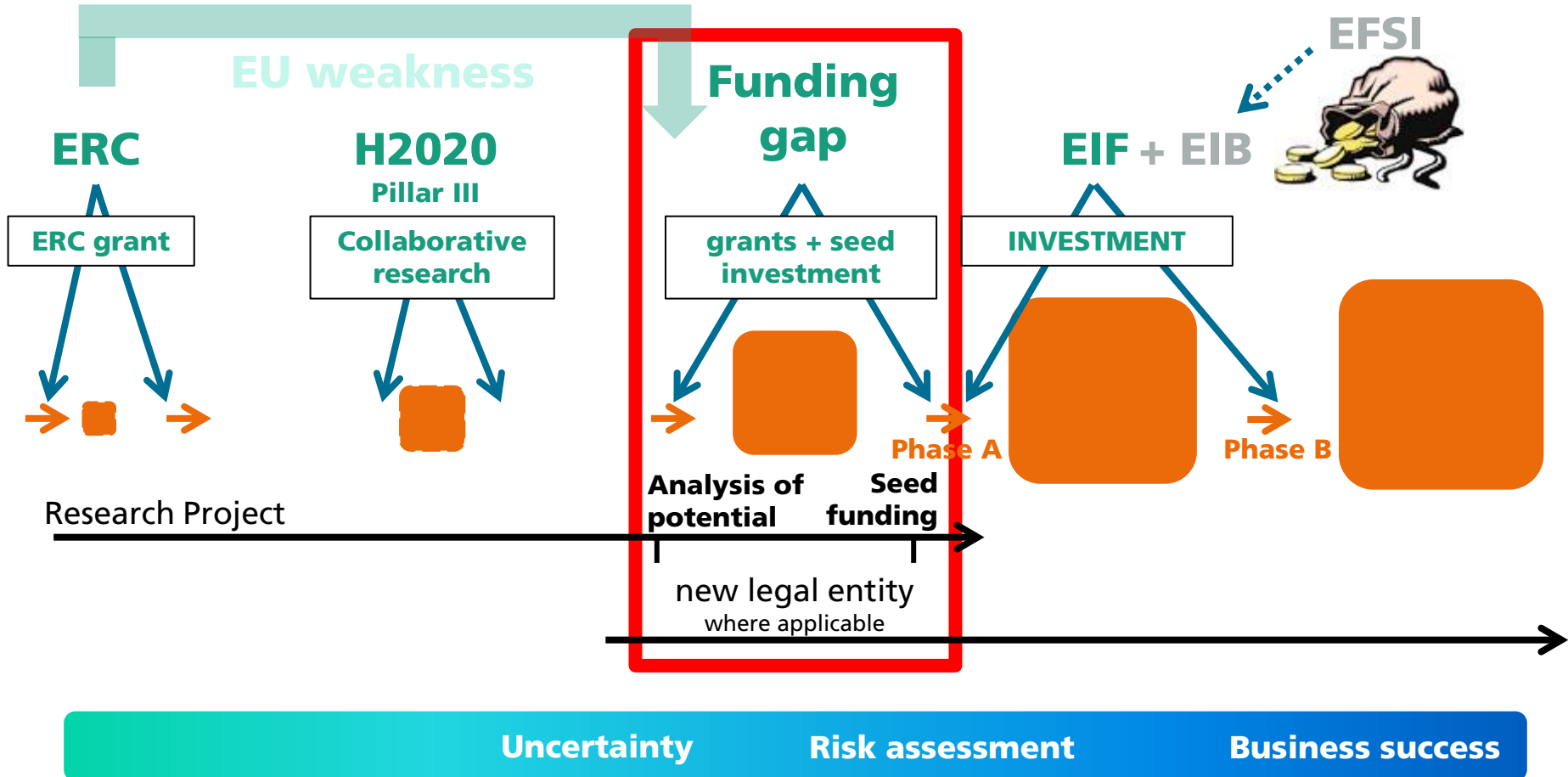
EU instruments not accessible



- ➔ Increasing gap and mismatches between Research and Finance
- ➔ Lack of European instruments to facilitate valorisation of disruptive research → breakthrough innovation
 - From proof of basic principle to working technology in operational environment (= investor readiness)
- ➔ Entrepreneurship in Europe's knowledge economy is lagging behind (number of companies / Entrepreneurial spirit)
- ➔ Current EU instruments are often not accessible for research-driven start-ups or spin-offs
 - Only SME instrument phase I (in practice often not accessible)
 - Some "experiences" with research start-ups under the EIT-KICs

Which gap could the EIC fill?

Research-driven spin-offs and start-ups: boost breakthrough innovation



Contributions of applied research to growth strategies

The Product-market matrix

	Existing products	New products
Existing markets	No research contribution mainly marketing	H2020 improved, new products
New markets	H2020 New fields of application, adapted technologies	High risk <u>breakthrough</u> <u>innovations</u> risk taking companies / spin-off and start-up

➔ Lack of European instruments to facilitate valorisation of R&D for disruptive innovation ➔ to foster breakthrough innovation

Four recommendations

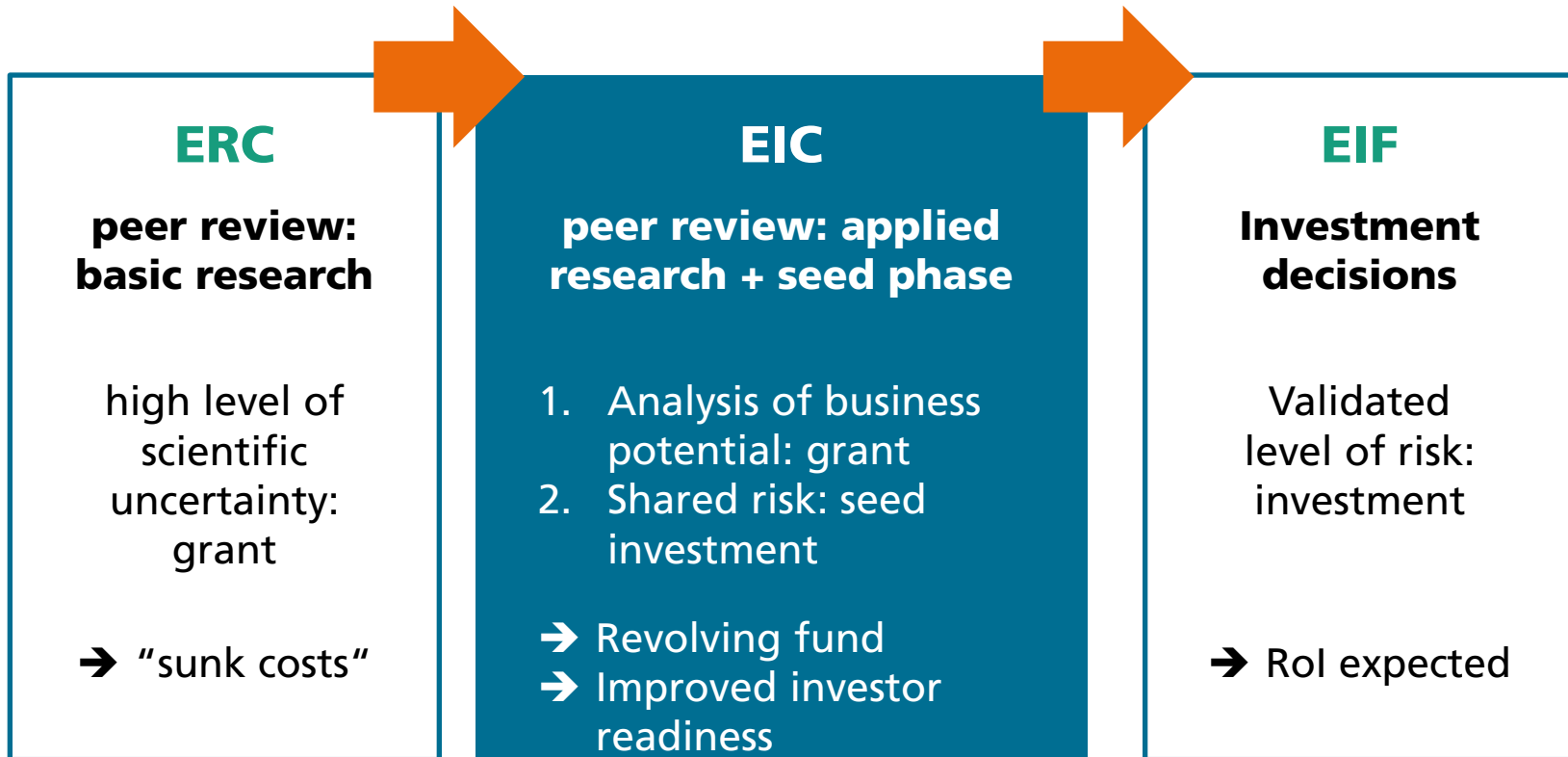
1. Strengthen research-driven start-ups and spin-offs
 - Introduce an “EIC start” instrument (e.g. as pilot)
 - Close the gap between the ERC and EIF / EIB
2. Support more projects to become “EIC-ready”
 - Create one open Horizon 2020 “proof of concept” grant
3. Design the EIC as a single entry point
 - Allow for mixed industry-research consortia
 - Simple and “fast-track” procedures
4. Introduce accompanying HR measures
 - Marie Skłodowska-Curie actions for spin-offs

Objective: Use the momentum around the EIC to foster research-driven entrepreneurship in Europe

- ➔ Increase number and quality of research-driven ventures
- ➔ More ventures reaching **investor readiness** + getting there faster

1. Strengthen research-driven start-ups and spin-offs

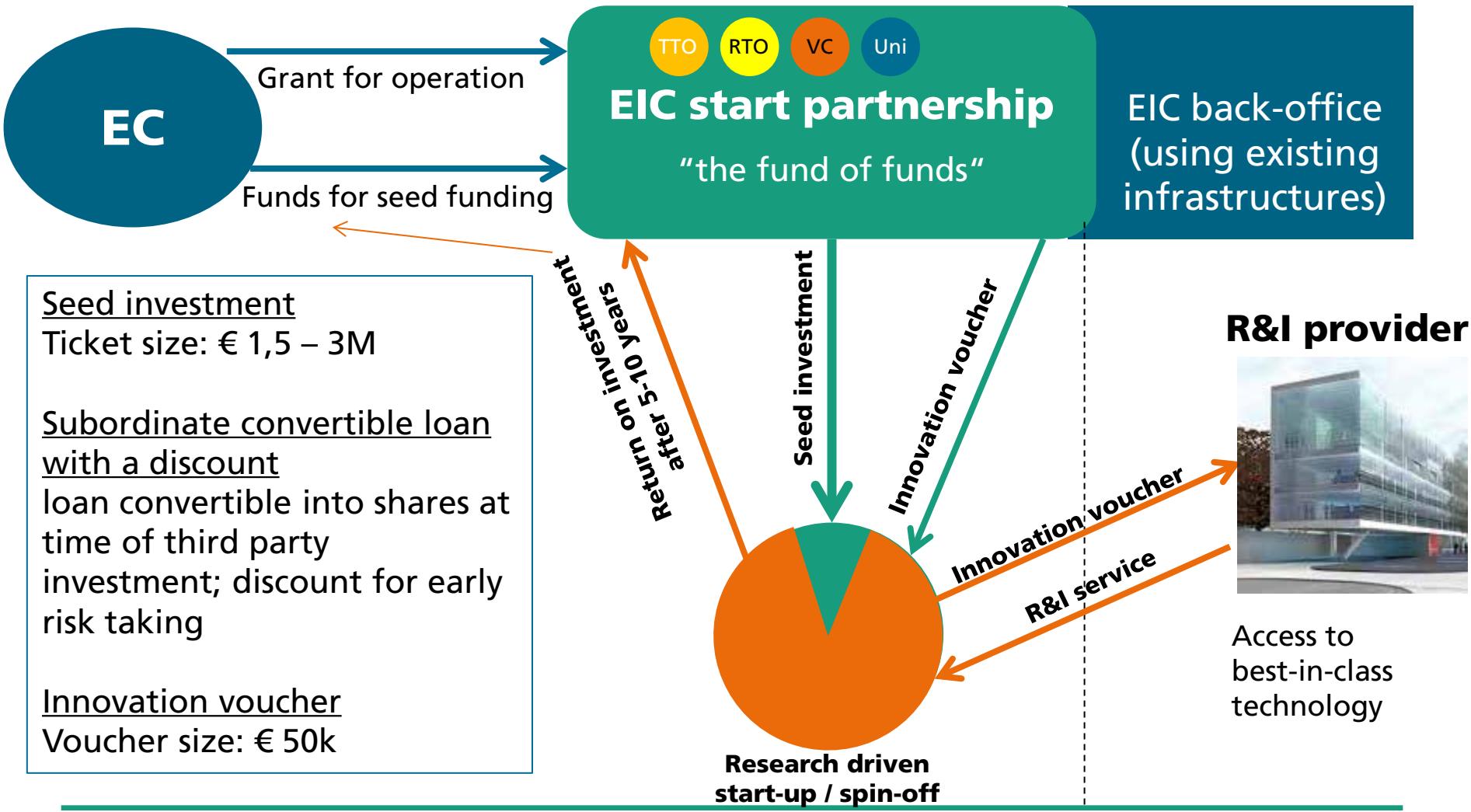
EIC: Bridging the spin-off and start-up gap



Connecting the links of the innovation chain for disruptive innovation

1. Strengthen research-driven start-ups and spin-offs

EIC start: Bridging the spin-off and start-up gap



1. Strengthen research-driven start-ups and spin-offs

EIC start partnership

EIC start partnership JU

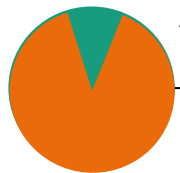
→ Partnership of TTOs, Unis, RTOs, VCs...

- Investment managers “pitch” companies of the EIC start pool to the board
- Investment board takes final investment decision



Three steps to EIC start funding

Research-driven start-up / spin-off

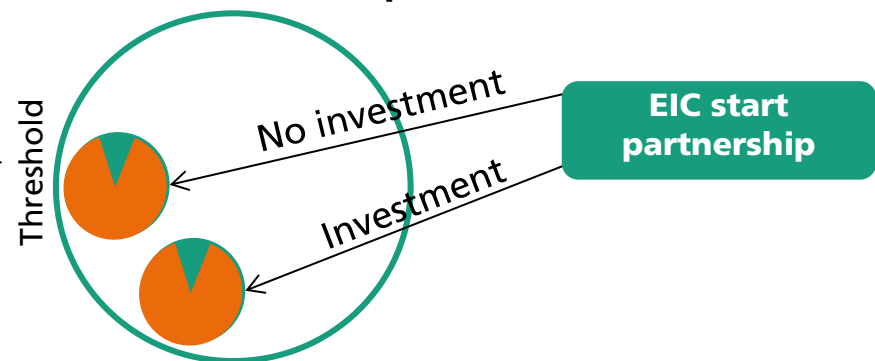


Application with “business case”

EIC back-office

- Eligibility check
- Fast evaluation

EIC start investment pool



1. Strengthen research-driven start-ups and spin-offs

EIC start: Bridging the spin-off and start-up gap

TTO

RTO

VC

Uni

new


EIC start partnership

"the fund of funds"



First steps of EIC start

- Start "small" like the ERC
- Start with 40 investments p.a.



Guiding Principles

Guiding principals of EIC start

- Only research-driven start-ups and spin-offs
- EIC start partnership as revolving funds: money consumed after some time if RoI cannot be achieved
- Innovation vouchers: support to transfer of best-in-class technology



EIC start: investment managers' perspective

- Assessment of projects according to market and technology potential
 - Payment of investments in instalments according to milestones and deliverables
 - Side investments of VCs encouraged
 - Market development and technology maturation in parallel
- Objective: viable and "investor-ready" company

2. Support more projects to become “EIC-ready” Create one general and open “proof of concept”-grant

Two closed “proof of concept”-clubs

- ERC proof of concept (ERC-PoC) only for ERC grantees
- FET Innovation Launchpad is similar
- Both: close gap from basic research to application



Recommendation

- RTOs know how to move research closer to the market!
- Example: Max-Planck-Fraunhofer joint programme
- ➔ **Prepare more projects for “EIC readiness”**
- ➔ **Evaluate ERC-PoC + FET launch pad**
- ➔ **Create one open “proof of concept”-grant**

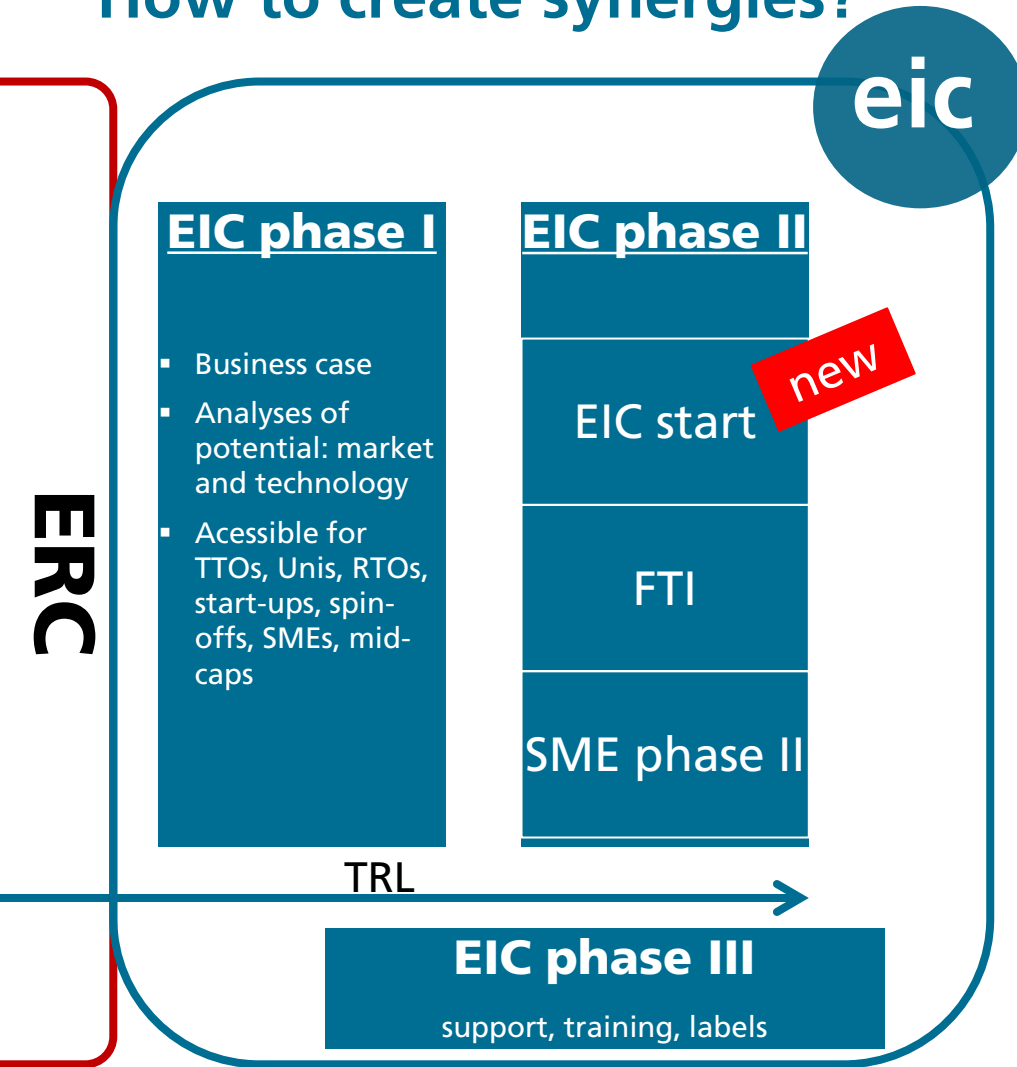
FUNDING OPPORTUNITIES



FUTURE & EMERGING
TECHNOLOGIES

3. Design the EIC as a single entry point

How to create synergies?

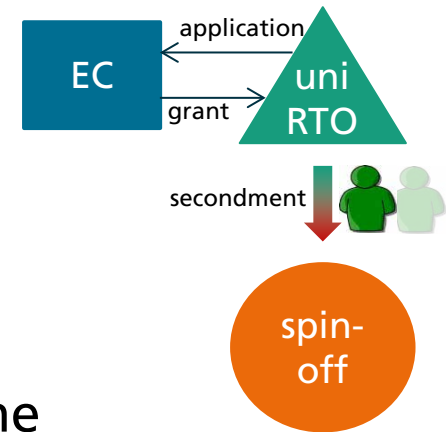


- One clear mission: Creating economic impact from research
- One single EIC call (all bottom up)
- No new institution needed: existing infrastructure
- Regular cut-off days for all EIC calls
- Fast procedures (like FTI)
- Create an EIC-specific pool of evaluators (better incentives for business managers / VC managers)
- Generally: Support mixed industry-research consortia of small sizes and foster collaboration of actors
- Innovation vouchers for easy technology transfer
- Flexible grant sizes to attract companies of different sizes and maturation

4. Introduce accompanying HR measures Marie Skłodowska-Curie actions (MSCA) for spin-offs

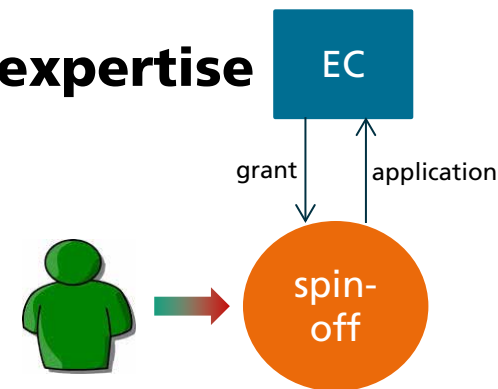
Introduce MSCA equivalent for spin-offs

- 1 (or more) researchers
- 2 years to set up a spin-off
- Position at university / RTO on hold
- Example: Similar to German "Exist"-programme



MSCA equivalent for the integration of market expertise

- Grant to employ "CEO in residence" at spin-off
- max. 2 years
- Entrepreneurial experience + sector knowledge



Four recommendations

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