Backing visionary entrepreneurs

The European Innovation Council
Keith Sequeira
11/03/2021
The European Innovation Council – why?
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

Source: [Invest Europe, Pitchbook]
What is at stake: will Europe be home to future « unicorns »?

Number and market value of "unicorn" companies (valued at over €1 billion) by regions

Europe: €144.91, 63
North America: €731.79, 252
Asia: €707.15, 176
Other: €52.34, 27

Source: CB Insights (Jan 2021)
What is at stake: who will lead on the next wave of strategically important technologies?

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

past

EU & US lead

electricity
car
antibiotics
sea container
synthetic chemicals
bar code
semi-conductors
internet
PC
telecomms

future?

EU lead (& Asia, EU)

airplane
social media
GPS
artificial intelligence
3D printing
digital platforms
the cloud
smart phone
blockchain
Internet of things

CRISPR-cas

CRISPR-cas

EU lead (& Asia, EU)

gene therapy
hydrogen fuel cells
liquid biopsies
neurotechnologies
autonomous vehicles
quantum computing
new batteries
graphene

Who leads?

Examples taken from WIPO, MIT, WEF, OECD, etc.
Experience from the EIC pilot phase (2018-2020)
EIC pilot phase (2018-20) under Horizon 2020 programme

• **Budget of €3.5 billion (2018-20), €1.55 billion in 2020**

• **Introduction of EIC pilot blended finance (2019), and set up of EIC Fund (2020)**

• **Very high demand:** ~ 14000 applications from SMEs/startups in 2020 with request for over €40 billion support;

• **Special support for:**
  - **COVID relevant innovations:** 36 Startups/SMEs awarded funding of over €160m in May;
  - **‘Green Deal’ innovations:** 64 startups/ SMEs awarded funding of over €300m in July;
  - **for women innovators:** at least 25% of start-ups/SMEs invited to interview to have female CEO

• **First EIC programme managers** recruited
EIC pilot Accelerator (including SME instrument)

**Unique offer of funding & support**
- Up to €2.5 million grant
- EIC Fund providing equity investments up to €15 million
- Coaching, mentoring, links to corporates, investors, etc

**Growing demand from Startups & SMEs**
- 14000 applied in 2020
- 5700 startups & SMEs supported since 2014 (including previous SME instrument)
- Increase in startups with female founders

**90% addressing Sustainable Development Goals**
Main thematics in:
- 30% in Green Deal
- 30% in Digital
- 30% in Health (*including COVID solutions*)

**Proven impact:**
- €5.3 billion follow up investments attracted to EIC supported companies
- 1 unicorn (value €1billion+); 43 centaurs (value €100m+)
## EIC pilot Pathfinder Portfolio (including FET Open & Proactive)

<table>
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<tr>
<th>Technologies</th>
<th>Health</th>
<th>Digital</th>
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<th>Food &amp; Agriculture</th>
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### Proven impacts
- 590 innovations, 451 addressing new and emerging markets
- 2662 Peer-Reviewed Scientific Publications, 72% in high profile journals
The new 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
What is the EIC?

One stop shop for breakthrough, deep-tech, market-creating innovators

- Open to all innovators, in any field, at any time
- Complemented by targeted funding on strategic challenges
- Highly competitive for Europe’s high potential innovators

Agile funding from idea to investment

- Pathfinder for advanced research on emerging technologies
- Transition from lab to commercial setting
- Accelerator & EIC Fund to scale up innovations by start-ups & SMEs

Building ecosystems and communities

- Access to Business Acceleration Services (coaches, mentors, corporates, investors & knowledge partners)
- EIC Programme Managers to develop visions for breakthroughs, manage portfolios, and connect to ecosystems
- Crowding in other investors (VC, corporates, etc.)
EIC Governance

- **EIC Board & President** to set strategy, advise on work programme & implementation
  - Current pilot Advisory Board until May
  - Open call for Board members & President to be launched in April
- **EIC and SME Executive Agency** (from 1 April) to manage EIC activities
- **EIC Fund** to manage equity investments in EIC supported companies
- **European Commission** to appoint Board, adopt Work Programme, monitor implementation
EIC Advisory Board (2019-21)
EIC Advisory Board vision statement (June 2020)

1. **EIC to pioneer a European approach to global innovation challenges:**
   - *Unique* in combining advanced technological research (DARPA like) with innovation accelerator
   - *Hallmark of excellence* for innovators (like ERC for researchers)
   - *Overcome system biases*, e.g. in terms of high risk, gender, regions

2. **EIC to crowd in private investors:**
   - *Filling market gaps* for financing high risk/high impact ideas
   - *3-5 euro* for every euro allocated by EIC
   - Generating *impacts from other EU and national programmes*

3. **EIC as funder & investor of choice for visionary ideas**
   - Targeting *deep-tech, interdisciplinarity, high risk* to achieve high impact
   - *Simple, fast applications* focusing on the innovator
   - High class *mentoring and advice*, as well as funding
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
EIC Pathfinder

For advanced research to underpin breakthrough / game-changing technologies

- Mainly open ("bottom up"), but also Pathfinder challenges (for emerging health, energy and digital technologies)
- Mainly collaborative (3 or more partners)
- Proactive management of portfolios of projects by EIC Programme Managers
- Additional 50k follow up grants to test feasibility and interact across portfolios
EIC Transition

For transforming research results into innovation opportunities

- New funding scheme to bridge gap between research phase (proof of concept) and innovation application
- Mainly open ("bottom up"), but also Transition challenges (for medtech, energy storage)
- Single applicants or small collaborations (max. 5 partners)
- In first phase, only for follow up to results from EIC Pathfinder and ERC Proof of Concept
EIC Accelerator

For startups & SMEs to develop and scale up innovations with high risk and high impact

• For individual companies (startups, SMEs, in exceptional cases small mid caps (up to 500 employees)
• Continuously open for applications (also from individuals intending to start a company and investors intend to support a company)
• Mainly open (“bottom up”) but also Accelerator challenges in Green Deal, Strategic Digital & Health Technologies
• Mainly blended finance (grant + investment), but options for “grant only” and “grant first” (with investment follow up)
The EIC Fund

Manages equity investments in startups & SMEs selected by EIC Accelerator

Dedicated Venture capital fund – owned by European Commission

Bridges equity funding gap at early stage (seed, first rounds)

Crowds in other investors, provides investment opportunities for VCs and other Funds
Business Acceleration Services

**EIC BAS**
- Access to advice, coaches, experts
- Access to corporates, investors, knowledge partners
- Access to innovation ecosystem, events & peers

**Explore**
- EIC Pathfinder

**Exploit**
- EIC Transition activities

**Scale up**
- EIC Accelerator & equity

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**Access**
- • Access to advice, coaches, experts
- • Access to corporates, investors, knowledge partners
- • Access to innovation ecosystem, events & peers
Support to women innovators

- **EIC Prizes for Women Innovators**
- Aim of **40% of startups/ SMEs with female CEO** for final interview phase of EIC Accelerator
- **Women leaderships programme** (under EIC Business Acceleration Services)
- Support to **Women TechEU** scheme (to be launched in May under innovation ecosystems)
- Enterprise Europe Network to support women-led companies to apply to EIC
Other EIC activities

• **EIC Prizes**: Women Innovators; Capital of Innovation; Innovation Procurement; Social Innovation

• Pilot on **co-creating solutions with Procurers**

• **Partnerships** with ERC & EIT (Fast track scheme), Member State programmes (Plug In pilot), Enterprise Europe Network, Startup Europe
# Next steps

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<tr>
<th>March 2021</th>
<th>April – December 2021</th>
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<td>Adoption of first EIC Work Programme for 2021</td>
<td>9 April: opening of calls (continuously open for Accelerator first stage applications through AI platform)</td>
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<tr>
<td>High level EIC launch ceremony – Thursday 18 March</td>
<td>Deadlines/cutoffs for full applications (from June)</td>
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<tr>
<td>Applicants day for all EIC main calls (Accelerator, Pathfinder, Transition) – Friday 19 March</td>
<td>Evaluations, jury interviews, grants, due diligence for equity</td>
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<td>Autumn: launch of 2022 EIC Work Programme</td>
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Thank you!

@EUeic
#Eueic

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