

The European Innovation Council

Backing visionary entrepreneurs

ICOS Workshop

Grenoble, 26-28 April 2023

*Eric-Olivier PALLU, Policy Adviser,
EIC, EISMEA*

European
Innovation
Council





A brief history...

- **2015:** Proposed by Commissioner Moedas as an innovation equivalent of the European Research Council
- **2017:** Recommended by Group led by Pascal Lamy in “Lab – Fab – App” report on mid-term review of Horizon 2020
- **2018** High level group of innovators (Chair Hermann Hauser) published “Funding - Awareness - Scale - Talent (FAST) Europe is back: Accelerating breakthrough innovation” with recommendations to set up EIC
 - Fed into EIC pilot phase 2018-2020
 - Commission’s legislative proposals for establishing EIC as part of Horizon Europe programme
- **2020** EIC pilot Advisory Board (Chair Mark Ferguson) published “A vision for the EIC: from deep-tech research to visionary innovation and scale-ups”
 - Basis for first EIC Work Programme
- **March 2021:** Launch of EIC – event with Commission President von der Leyen, President Macron, Commissioner Gabriel, et. al.





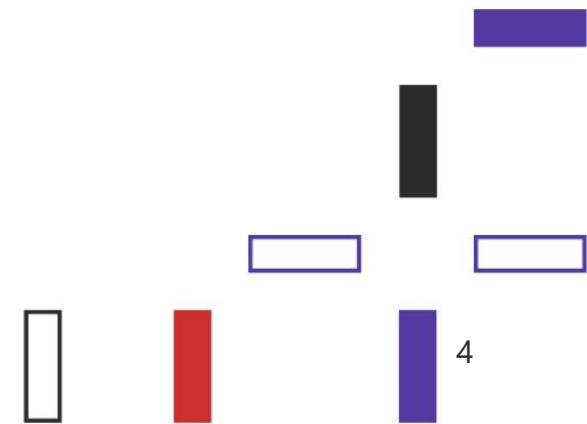
Europe's most ambitious innovation initiative

- **€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**





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)

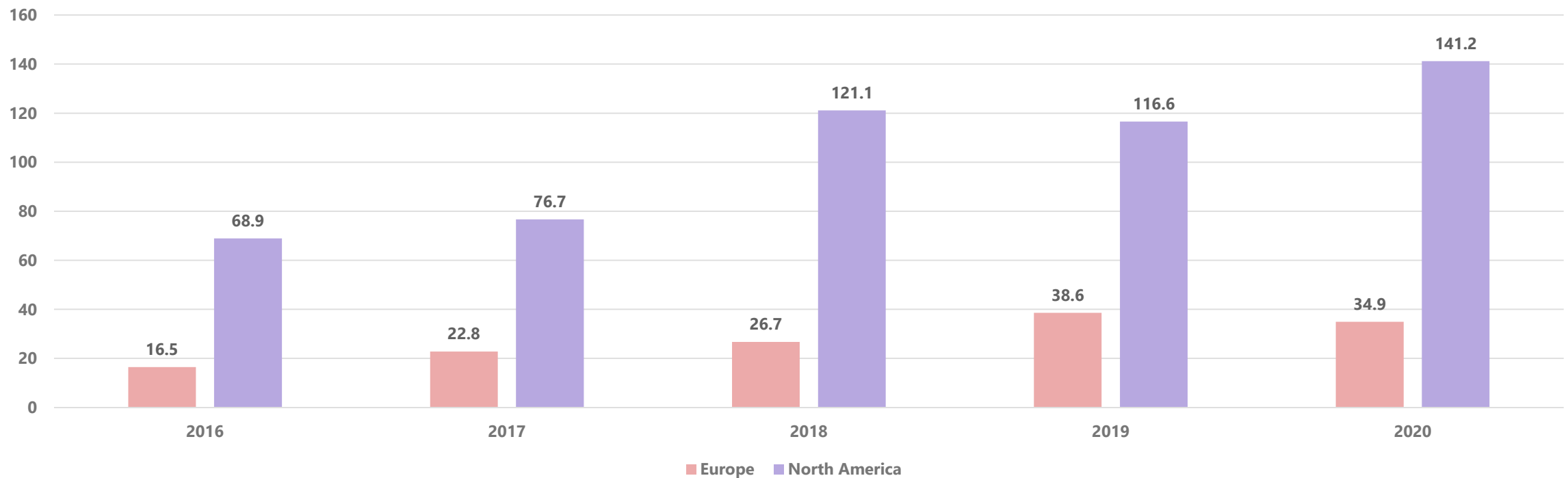




Funding gap for scaling up highly innovative startups and SMEs

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

Capital invested by year (B\$)

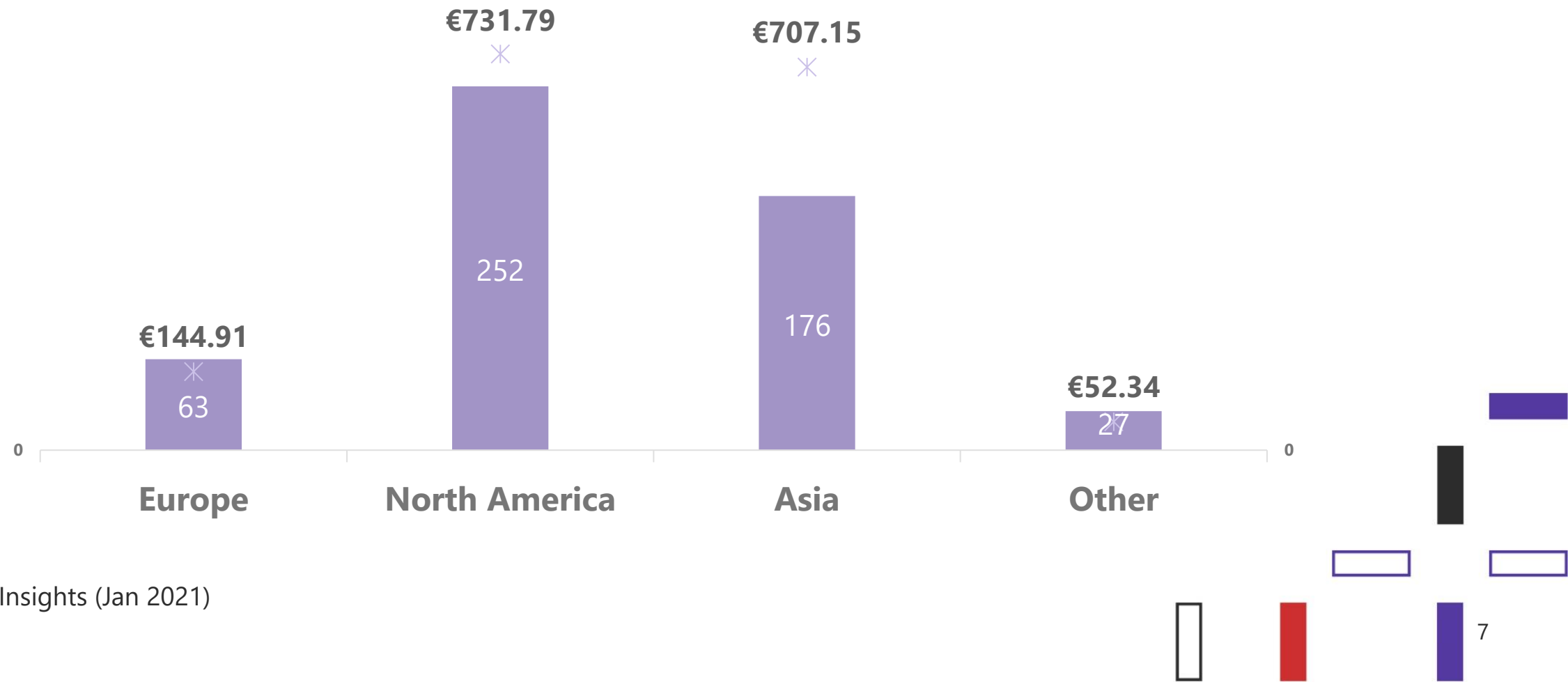


Source: [Invest Europe, Pitchbook]



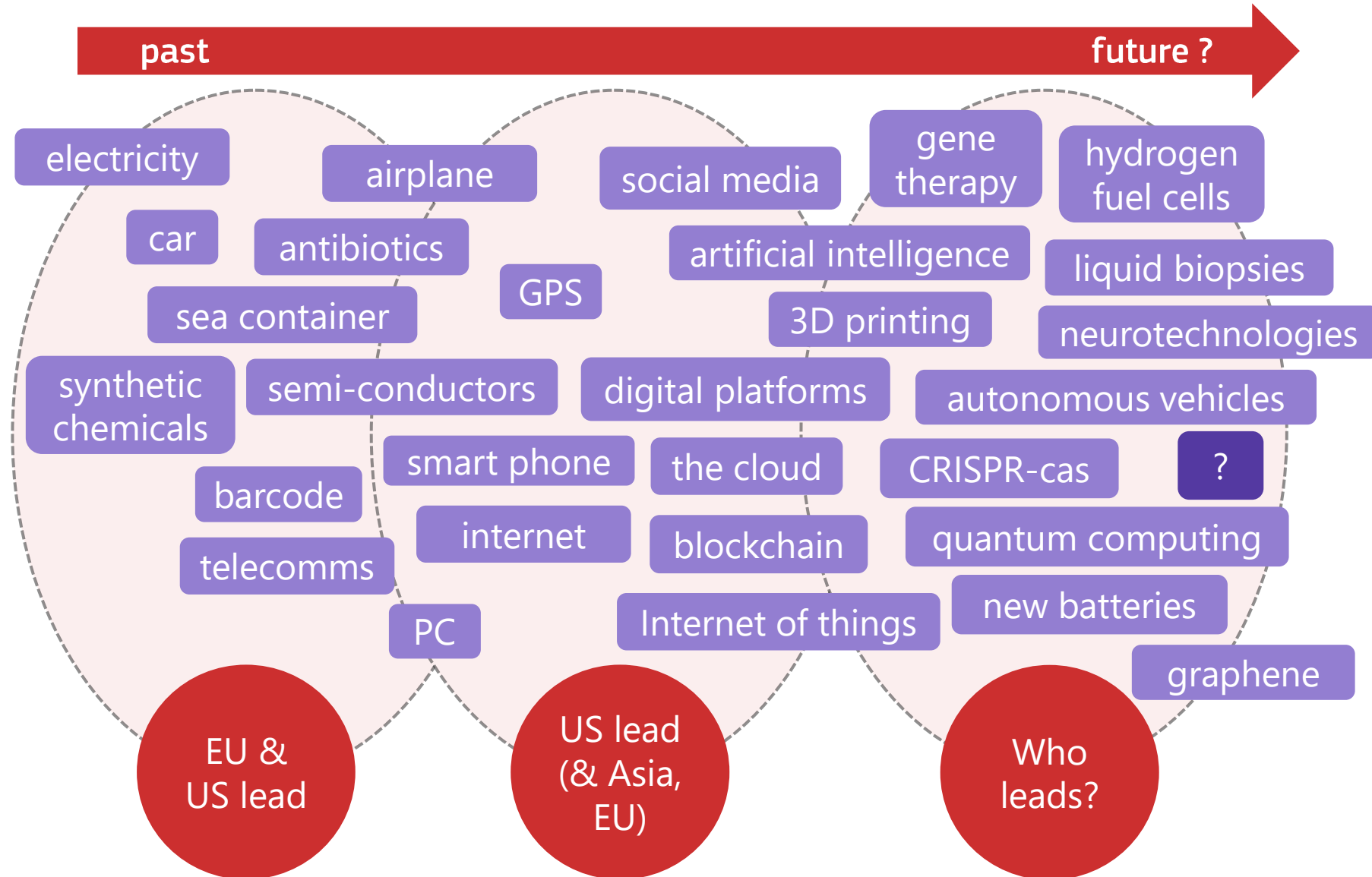
What is at stake: will Europe be home to future « unicorns »?

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



Source: CB Insights (Jan 2021)

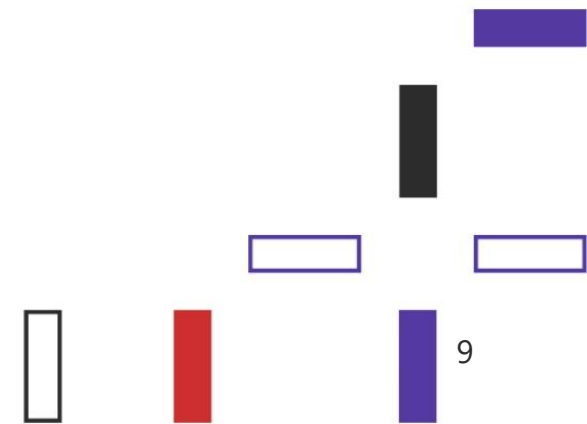
What is at stake: who will lead on the next wave of strategically important technologies?



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



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 four EIC programme managers** recruited





EIC pilot phase (2018-20) under Horizon 2020 programme

- **Bringing together and reform of existing instruments:**
 - **Future Emerging Technologies** (FET Open, FET Proactive) => **EIC pilot Pathfinder**
 - Also, FET Launchpad, FET Transition to innovation as basis for EIC Transition
 - **SME instrument** => **EIC pilot Accelerator**
 - Primarily bottom up; face to face interviews
 - Introduction of “blended finance” grant of up to €2.5 m and equity of up to €15 m in single application
 - Also Fast Track to Innovation (FTI) and Prizes
- **Expanded Business Acceleration Services:**
 - Multi-corporate days (e.g. Planet.tech; energy4planet), visits to innovation hubs, overseas trade fairs, etc
 - Services for Pathfinder (boot-camps, etc.)



Impacts of EIC pilot Accelerator (including SME instrument)



Growing support to Startups & SMEs

- **5500** supported since 2014
- **159** awarded blended finance with ~€700 million equity
- Increase in startups with female CEOs



Crowding in other investors:

- **€9.6 billion** follow up investments to EIC supported companies
- **12 unicorns** - value €1billion+
- **120+ centaurs** - value €100million+



90% addressing Sustainable Development Goals

Main thematic in:

- 30% in **Green Deal**
- 30% in **Digital**
- 30% in **Health** (*including COVID solutions*)

A pipeline of breakthrough technologies

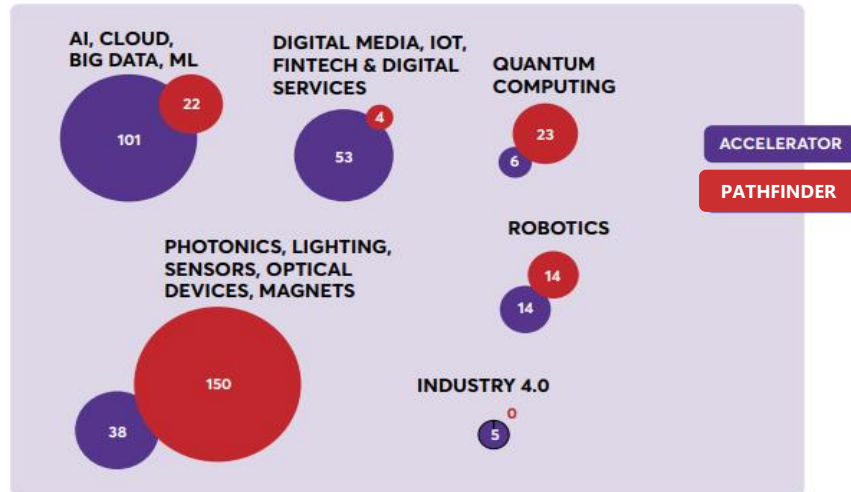
- **400** research projects
- **800** innovations tracked
- **Pilot of Transition funding** to follow up research results into applications



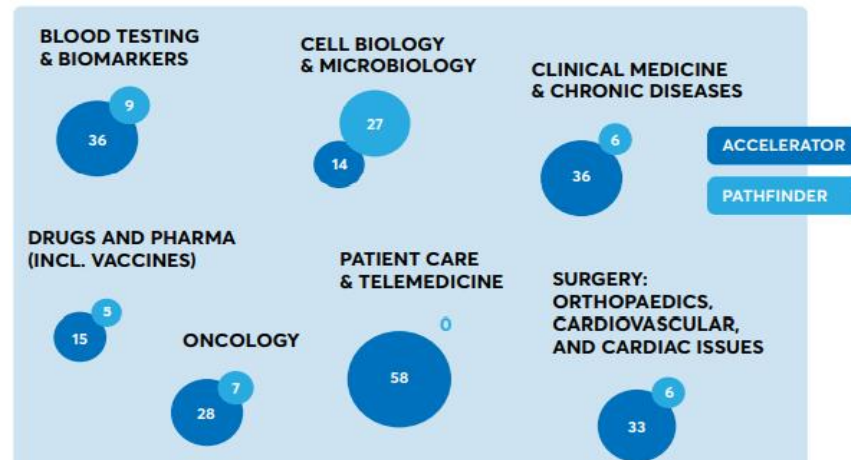
EIC PATHFINDER and ACCELERATOR Projects in main thematic portfolios [2018 – 2020 (ongoing)]



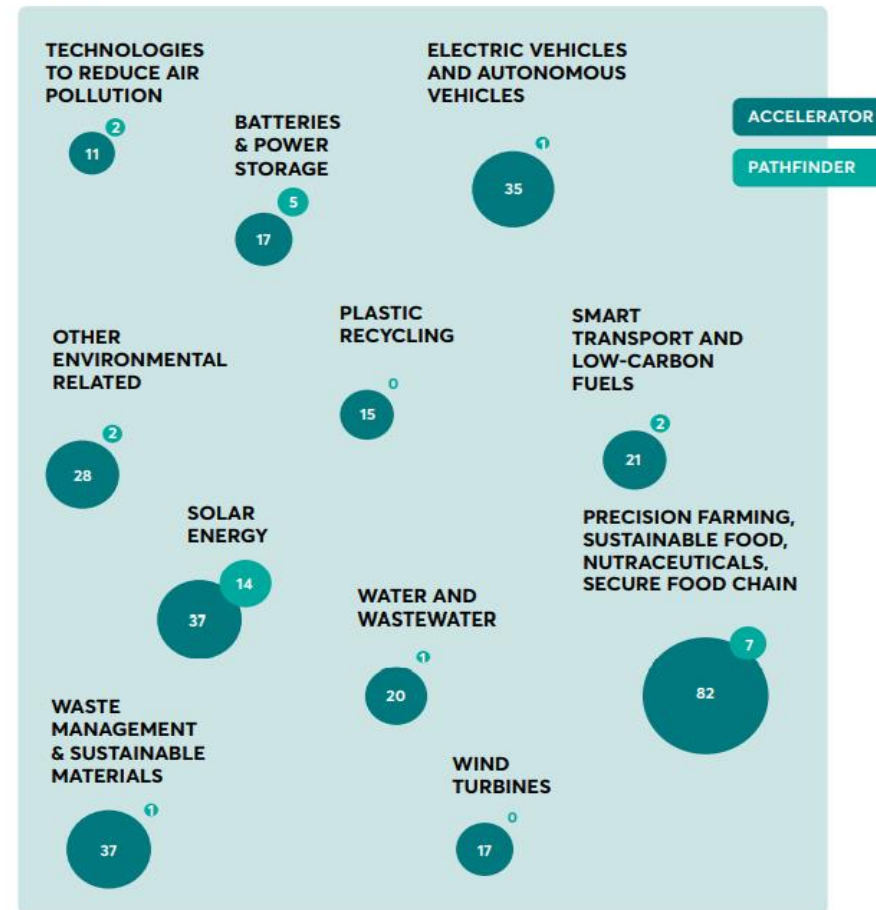
For Digital and Industry 5.0



For Health

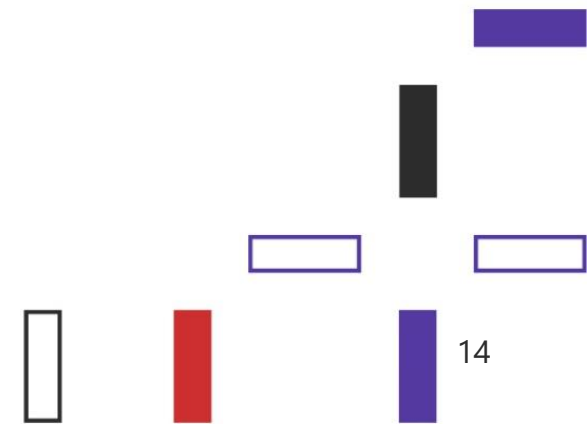


For Green





What does the EIC look like in Horizon Europe?





EIC Governance

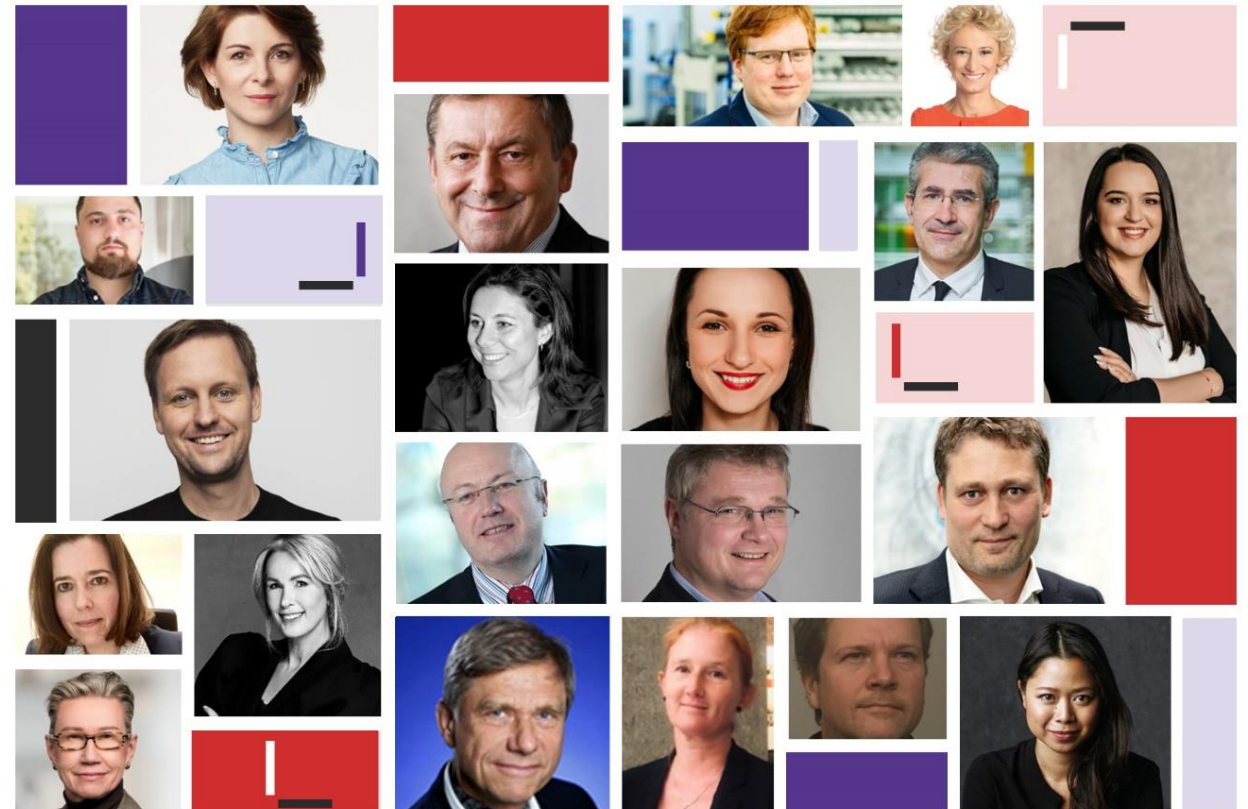
- **EIC Board & President** to set strategy, advise on work programme & implementation
- **EIC and SME Executive Agency** (from 1 April 2021) to manage EIC activities
- **EIC Fund** to manage equity investments in EIC supported companies
- **European Commission** to appoint Board, adopt Work Programme, monitor implementation



Establishment of EIC Board

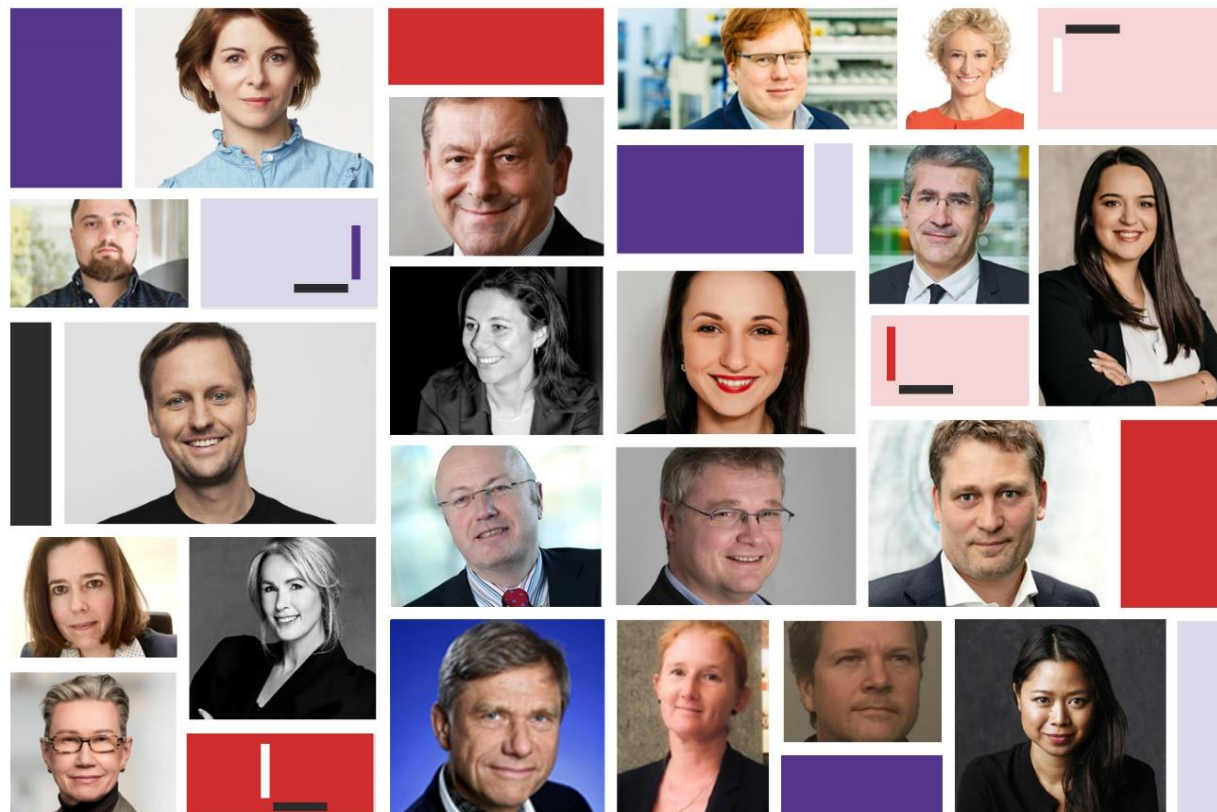
Sli.Do: #EIC

- Appointed on 18 November 2021 for 2 year mandate
- Role to advise:
 - EIC strategy,
 - EIC work programme & implementation
 - Broader innovation policy
- Diverse expertise:
 - Entrepreneurs, investors, researchers, innovation ecosystem
 - Gender balance (parity), Geographic balance (20 nationalities)
- First meeting on 26 November
- EIC Board Statement to welcome Work Programme published 9 February



The EIC Board and its Working Groups

- **WG improving participation of innovators from “widening countries”** - to review the participation of EU “Widening countries”, including understanding behaviours, and recommend improvements
- **WG communication, branding and strategic positioning** - to discuss branding, outreach, and strategic positioning of EIC in the ecosystem and advise on the communication strategy – Chair
- **Joint WG with the EIT Governing Board** – to consolidate the Partnership with EIT, including reviewing progress under the MoU signed in January 2021 and recommend new actions.
- **Joint WG with the ERC Scientific Council** - to consolidate the Partnership with ERC, including to review actions so far and to recommend new actions.
- **WG EIC Fund/ investments** – to examine and advice on solutions for the EIC Fund, taking account of the constraints.





EIC Ambassadors

- High level individuals form the innovation ecosystem who have direct experience of the EIC
- Role to communicate about the EIC + provide feedback on improvements
- First set of ambassadors nominated on 26 November 2021 (at EIC Summit)





The fully fledged 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 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

- Focus on **breakthrough, market-creating, deep-tech**
- **Mainly bottom up** complemented by targeted funding on strategic technologies/ challenges
- 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
- **Fast track access** to Accelerator for results from EIC Pathfinder, EIT, ERC, Eurostars



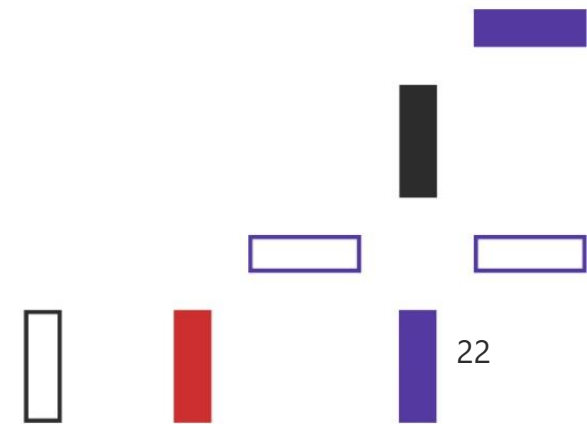
EIC main calls in 2022 - overview



Accelerator - Open	Short applications - Apply any time all year round	~€623m (grant & equity)
Accelerator – Challenges <ul style="list-style-type: none"> Technologies for Open Strategic Autonomy (<i>healthcare, critical raw materials, quantum, space, security etc</i>) 	Full applications – 3 cutoffs in 2022: <ul style="list-style-type: none"> 23 March – 74 projects selected 15 June – 76 projects selected 5 October – 78 projects selected. Total 2022: 228 	~€537m (grant & equity)
<ul style="list-style-type: none"> Technologies for 'Fit for 55' (<i>energy, buildings, mobility, land use, green digital, etc</i>) 		
Pathfinder - Open	Deadline: 4 May – 57 projects (consortia gathering 352 participants) selected for funding	~€183m
Pathfinder - Challenges <ul style="list-style-type: none"> Carbon dioxide & nitrogen management and valorisation; Mid-long term, systems-integrated energy storage; Cardiogenomics; Healthcare continuum technologies; DNA-based digital data storage; Alternative quantum information processing, communication, and sensing 	Deadline: 19 October – 44 projects selected (consortia gathering 259 participants) selected for funding	~€167m
Transition – Open	Apply any time all year round	~€70.5m
Transition – Challenges <ul style="list-style-type: none"> Green digital devices for the future; Process and system integration of clean energy technologies; RNA-based therapies and diagnostics for complex or rare genetic diseases 	Full applications – 2 cutoffs in 2022: <ul style="list-style-type: none"> 4 May – 20 proposals retained for funding 28 September – 34 proposals retained for funding 	~€60.5m



The EIC Pathfinder



What is the EIC Pathfinder?



The **EIC Pathfinder**

- Funds **research** to develop the **scientific basis** to underpin breakthrough technologies
- Supports the **earliest stages** of scientific, technological or deep-tech R&D
- Aims to build on new, **cutting-edge directions in science and technology** to disrupt a field and a market or create new opportunities
- Realises innovative technological solutions to identify, develop and scale up **breakthrough technologies** and **disruptive innovations** in Europe



- **EIC Pathfinder Open**



to support projects in any field of science, technology or application without predefined thematic priorities ('bottom-up')

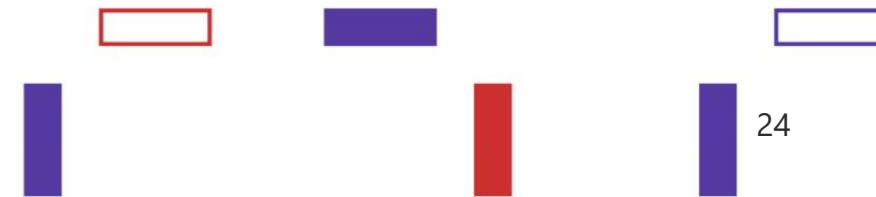
- **EIC Pathfinder Challenges**



to support coherent portfolios of projects within predefined thematic areas with the aim to achieve specific objectives for each Challenge

Challenges for 2023:

- **Clean and efficient cooling**
- **Architecture, Engineering and Construction digitalisation for a novel triad of design, fabrication, and materials**
- **Precision nutrition**
- **Responsible electronics**
- **In-space solar energy harvesting for innovative space applications**





European Innovation Council Pathfinder Open

Successful proposals | Cut-off 4 May 2022



858

PROPOSALS EVALUATED



57

PROJECTS CHOSEN



183 million

TOTAL EU CONTRIBUTION



3.2 million

AVERAGE EU GRANT



29

COUNTRIES



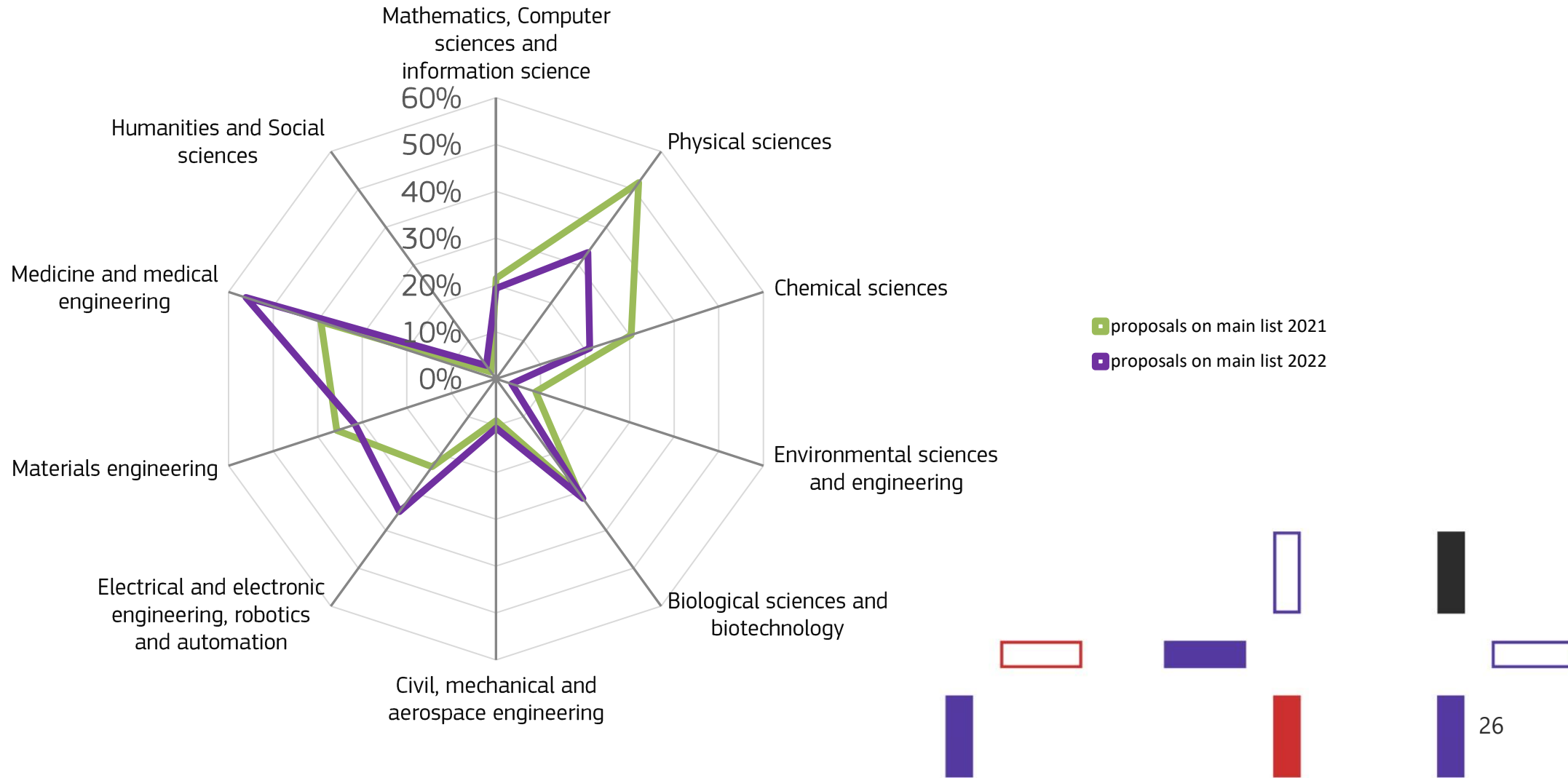
352

PARTICIPANTS

45% HIGHER EDUCATION,
26% RESEARCH ORGANISATIONS,
22% PRIVATE ORGANISATIONS,
8% OTHER



2022 Pathfinder Open call – discipline coverage in proposals retained for funding



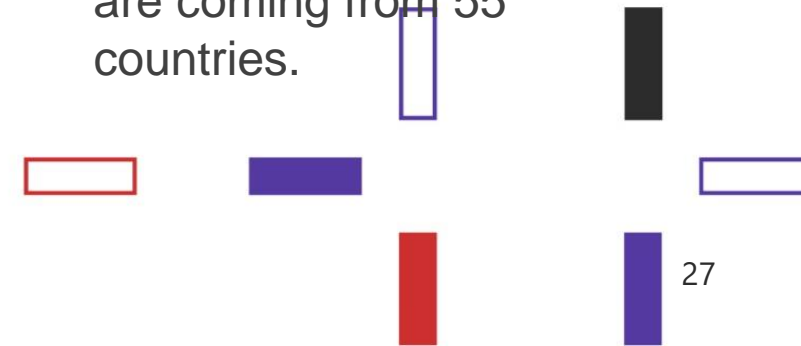
Pathfinder Open call 2023



Call deadline was on 7 March 2023 (closed)

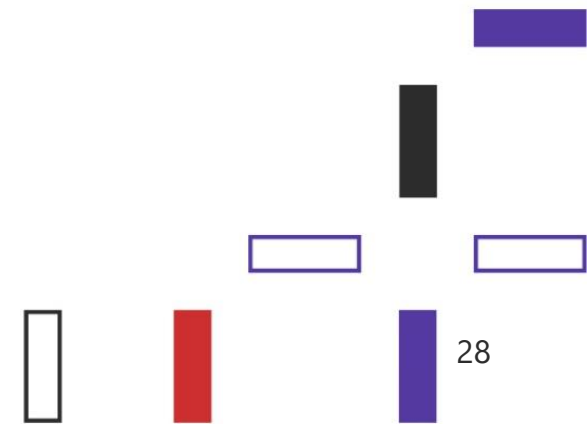


The European Innovation Council (EIC) received 788 project proposals from the research community by 7 March 2023 deadline (4758 participants in total), requesting €2.412 billion of grant support. Applicants are coming from 55 countries.





EIC Transition Activities



EIC Transition Open and Challenges 2023



Why EIC Transition?

Support achieved technology results towards business application

The Open funding support

Challenges: predefined thematic priorities (project portfolios)

Who can apply?

Pathfinder* & H2020 FET*

H2020* or HEU* if on topic to EIC Challenges

FET ERA NETs*

Eu Defence Fund (Preparatory Action on Defence Research)

ERC PoC*

Financial contribution

€0.5 - 2.5 mil

**Started 12 months before or ended less than 24 months after the call deadline*



Budget €128.36 million

Open: €67.86 million

Challenges: €60.5 million

- Full scale Micro-Nano-Bio devices for medical and medical research applications;
- Environnemental intelligences;
- Chip-scale optical frequency combs

Applications

2 cut-offs

- 12 April 2023
- 27 September 2023



- **Monobeneficiary**

- 1 entity from Member State or Associated Country

- **2 Beneficiaries**

- 2 independent legal entities from two different Member States or Associated Countries

- **3 Beneficiaries**

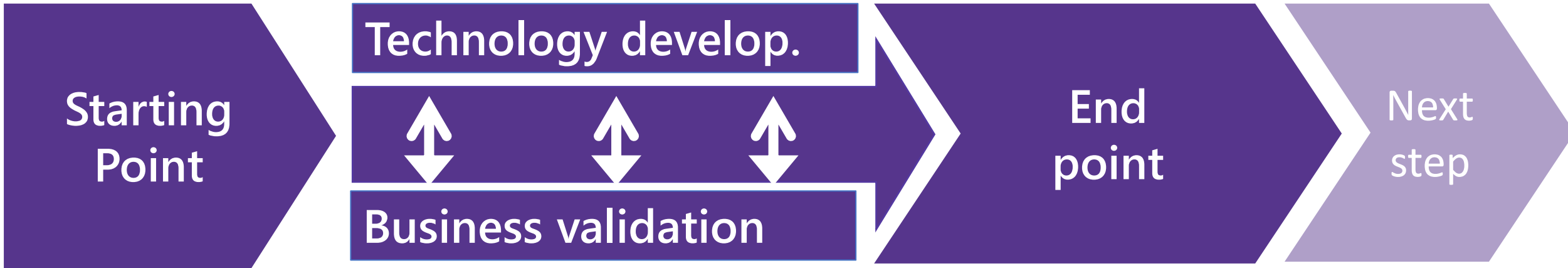
- 3 independent legal entities from three different Member States or Associated Countries (of which at least 1 Member state)

- **4 or 5 Beneficiaries**

- minimum 3 independent legal entities from minimum 3 different Member States or Associated Countries (of which at least 1 Member State)

Consortia

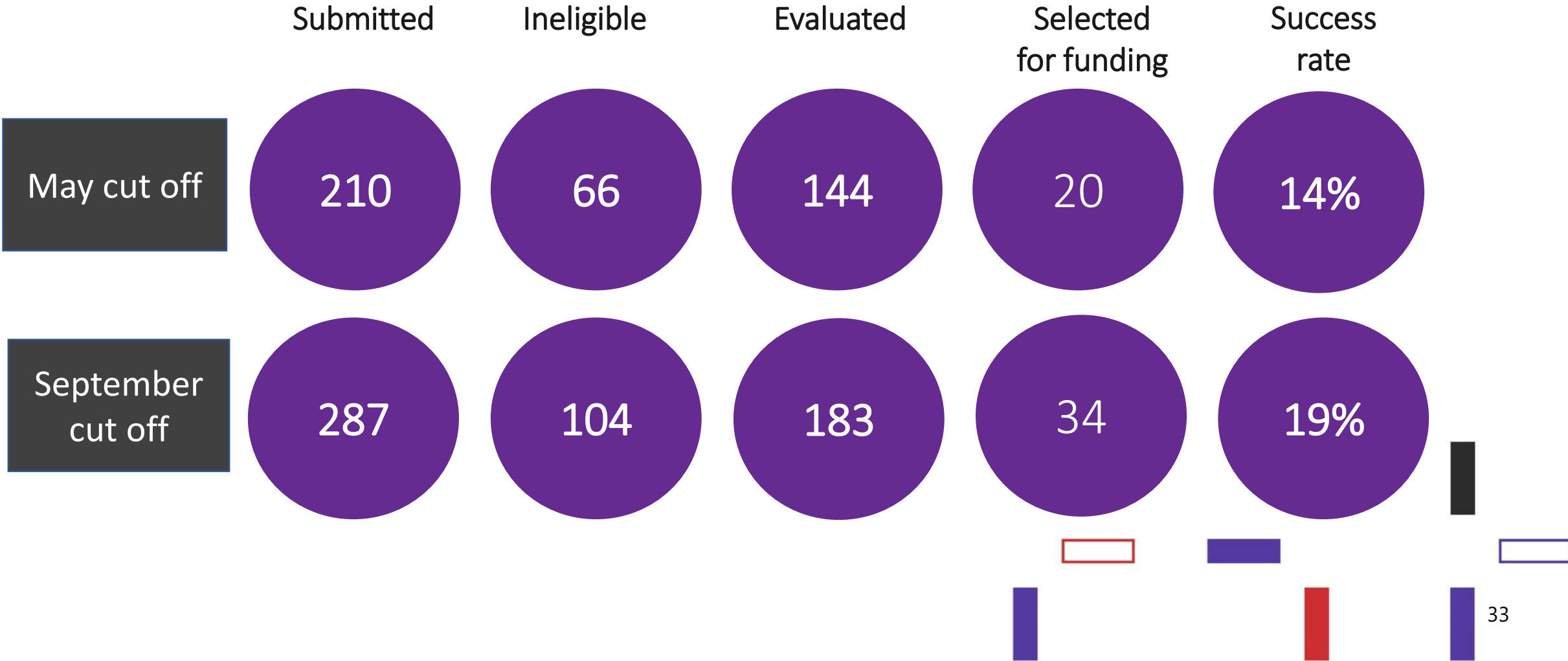
What an EIC Transition project is made of?



- Experimental Proof of concept (TRL 3)
- Technology validated in the lab (TRL 4)

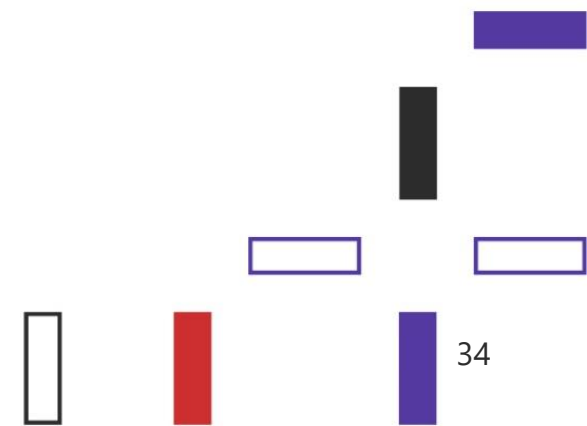
- Technology validated or demonstrated in relevant environment (TRL 5-6)
- supported by commercialisation strategy.

EIC Transition Overall results 2022





The EIC Accelerator





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 one

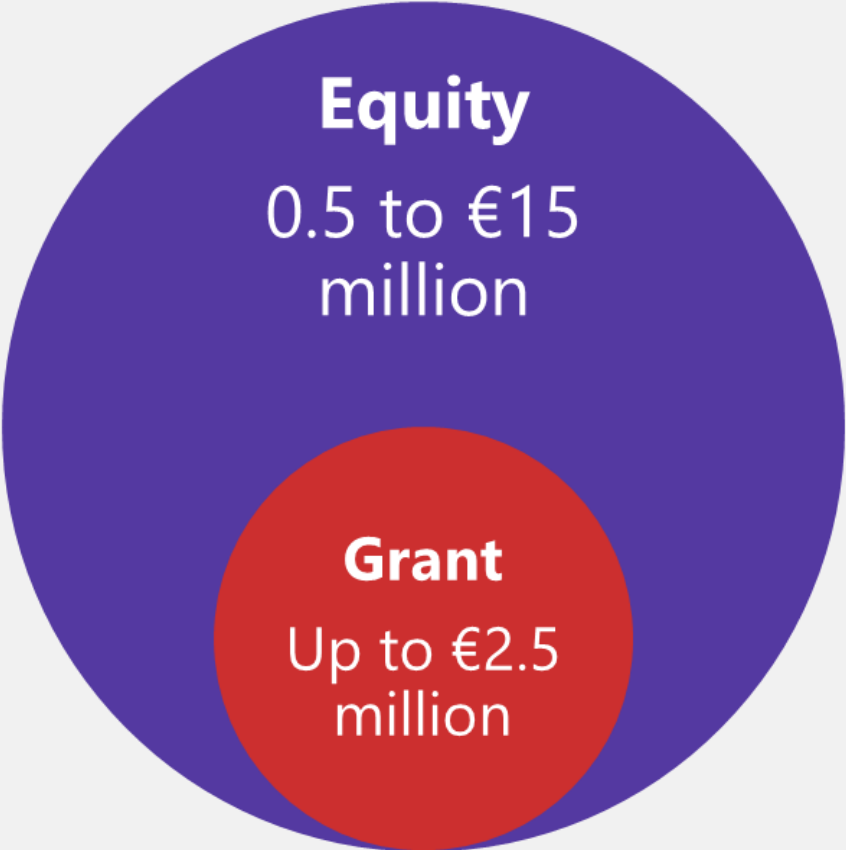
Innovation building on **scientific discovery** or technological breakthroughs
(„**deep tech**“)

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

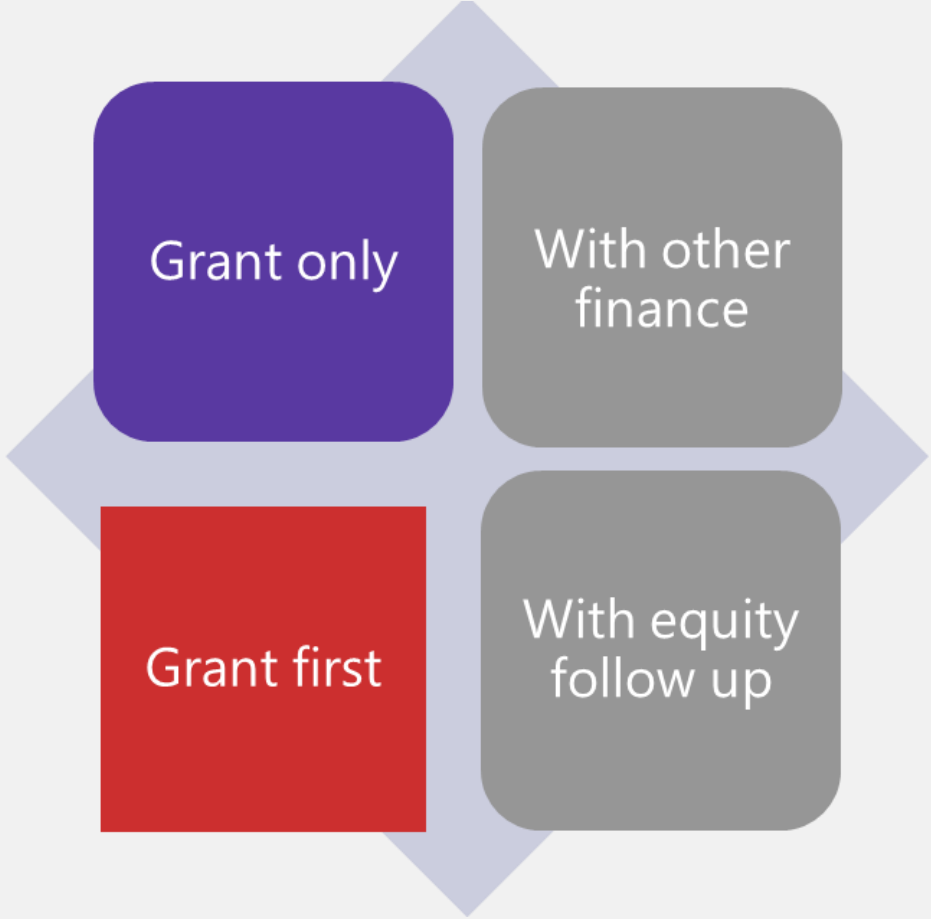


What can companies apply for?

EIC Blended Finance



Also



EIC Accelerator– Blended Finance



Grant component



Investment component

- maximum of less than **€ 2.5 million**
- eligible costs are reimbursed up to a maximum of **70%**
- small mid-caps are not eligible for a grant only

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

EIC Accelerator – funding options



Grant only

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

Grant first

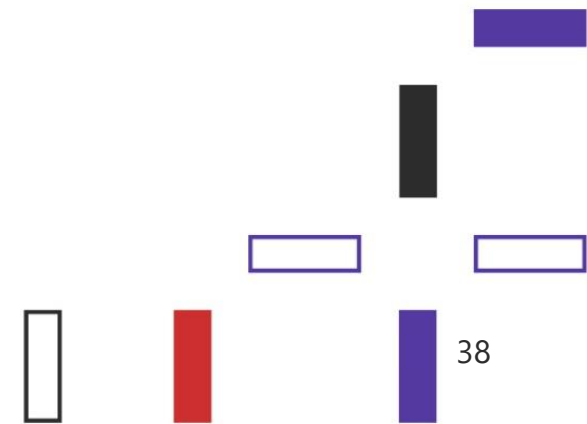
If your innovation still requires significant work to validate and demonstrate in relevant environments to assess its commercial potential

Grant & investment

If you need support for development (TRL 5/6 → 8), 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



EIC Accelerator – Who can apply?



- **Single company (i.e. no consortia, but subcontracting and affiliated entities are possible)**
 - SME according to EU definition: < 250 employees, < 50 million EUR turnover or < 43 million EUR total balance sheet, data from linked or partner enterprises might need to be taken into account*
 - Small mid-caps (up to 499 employees) – for rapid scale up only
 - Natural person(s) or legal entity
 - from Member State (MS) or Associated Country (AC) intending to establish an SME or small mid-cap in MS or AC by the time of signing the EIC Accelerator contract.
 - From a non-associated third country intending to establish an SME or to relocate an existing SME to a MS or AC (establishment prior to full proposal!)

[* More details and self-assessment tool](#)



EIC Accelerator **Open**



to support **projects in any field** of science, technology or application without predefined thematic priorities ('bottom-up')

EIC Accelerator **Challenges**



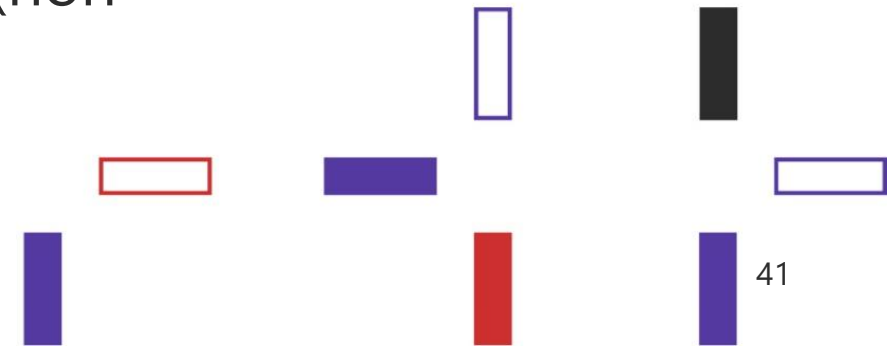
to support projects within **predefined thematic areas** with the aim to achieve specific objectives for each Challenge



The selection process in a nutshell



- The **Accelerator evaluation process** is composed of the **following phases**:
- **Screening of short proposals**: performed by remote evaluators, which leads to a GO or NO-GO to the next evaluation stage,
- **Evaluation of full proposals**, performed by remote evaluators, which leads to a GO or NO-GO to the next evaluation stage,
- **Interviews with participation of Jury Members** which leads to establishing the list of GO (funded) and NO-GO (non-funded) proposals



Accelerator implementation - numbers



Horizon EUROPE

423 companies selected for funding:

- 164 in 2021 (2 cut-off dates);
- 227 in 2022 (3 cut-off dates);
- 32 in 2023 (January cut-off date).

PILOT (H2020)

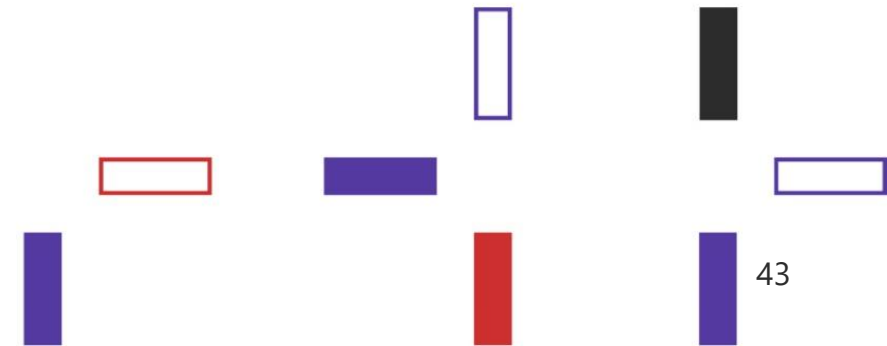
293 companies selected for funding
(5 cut-off dates in late 2019 and 2020)

- Over **5000** short applications submitted in 2021 and over **2500** in 2022
- Almost **2000** full applications submitted in 2021 and more than **3000** in 2022
- Over **1000** projects have been invited to interview in 2021-2022

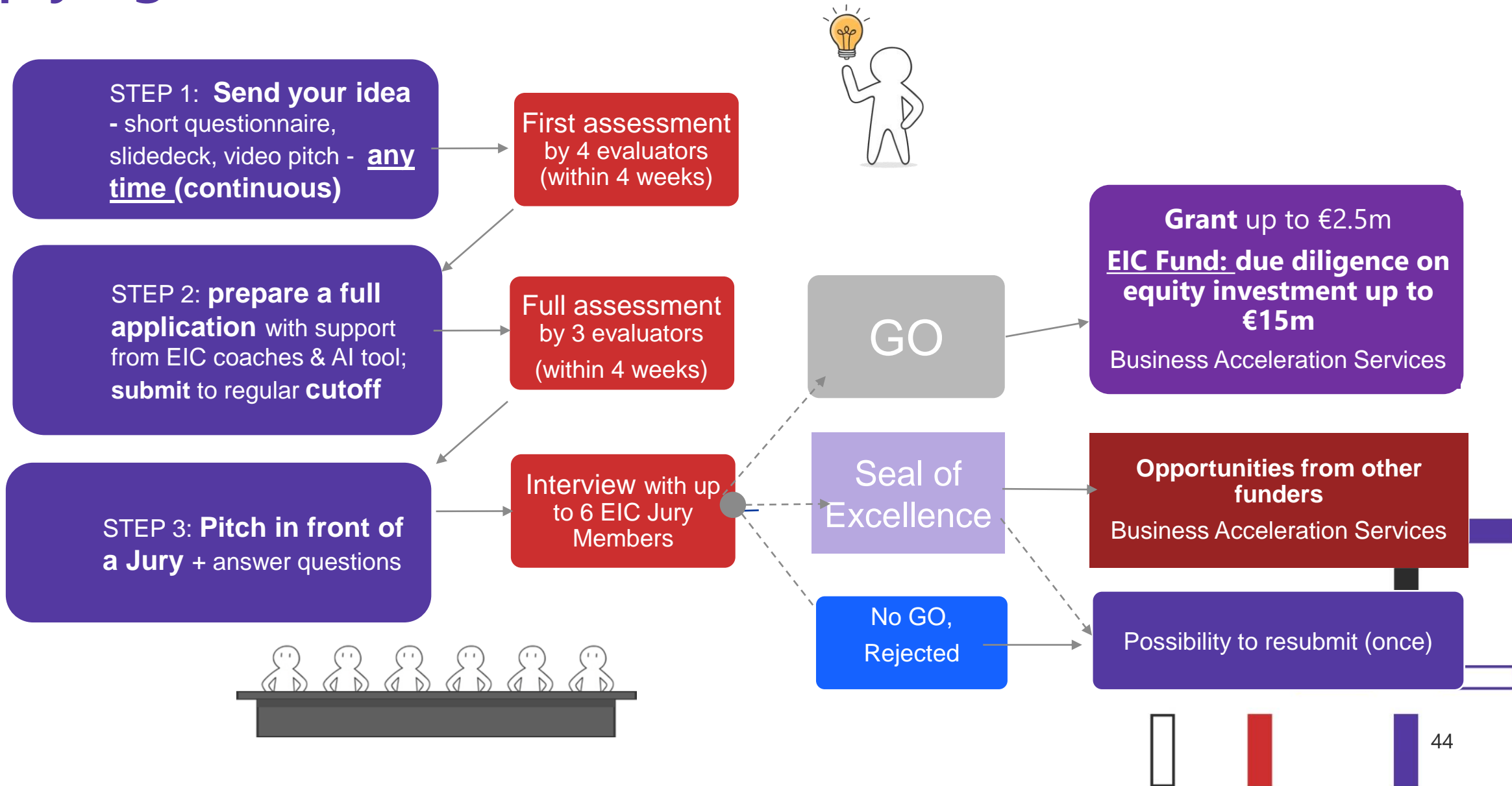


Accelerator implementation - impact

- **Incentivised over €10 billion** in follow-on investments in its portfolio companies
- **Combined valuation of €40 billion** including 12 Unicorns and 112 Centaurs
- **20%** of funding for **women-led** companies



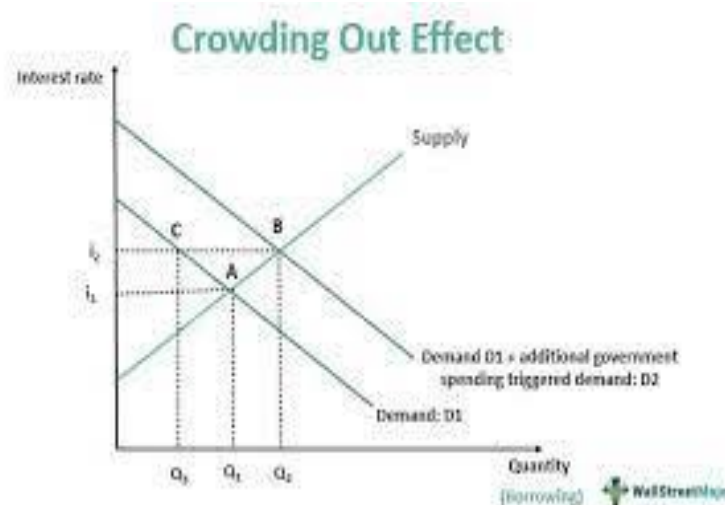
Applying to the EIC Accelerator





EIC Fund Strategy: the « *crowd-in, not crowd-out* » principle

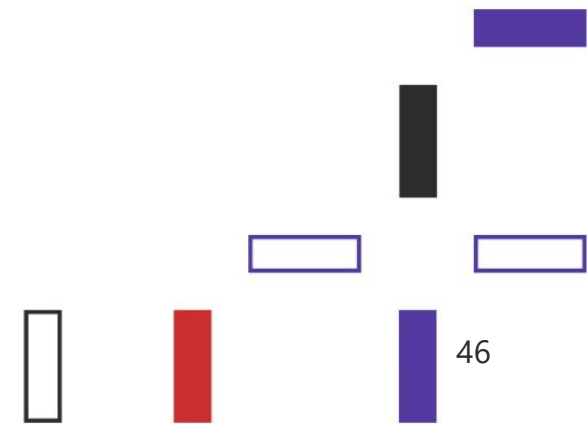
The EIC was endowed the mission to « **de-risk** » innovative deep tech businesses based in Europe so that private capital market can take over as soon as possible. In case the level of risk is deemed too low, **the EIC Fund does not invest.**



In fact, alternative investors are never prevented to invest in EIC-supported companies, but invited to **co-invest** from the outset, and duly taken into account to design the EIC Fund **exit strategy**



EIC Business Acceleration Services (BAS) and Prizes



EIC Business Acceleration Services (EIC BAS): EIC Support beyond funding



WHY?

Accelerate EIC innovations and growth of EIC companies



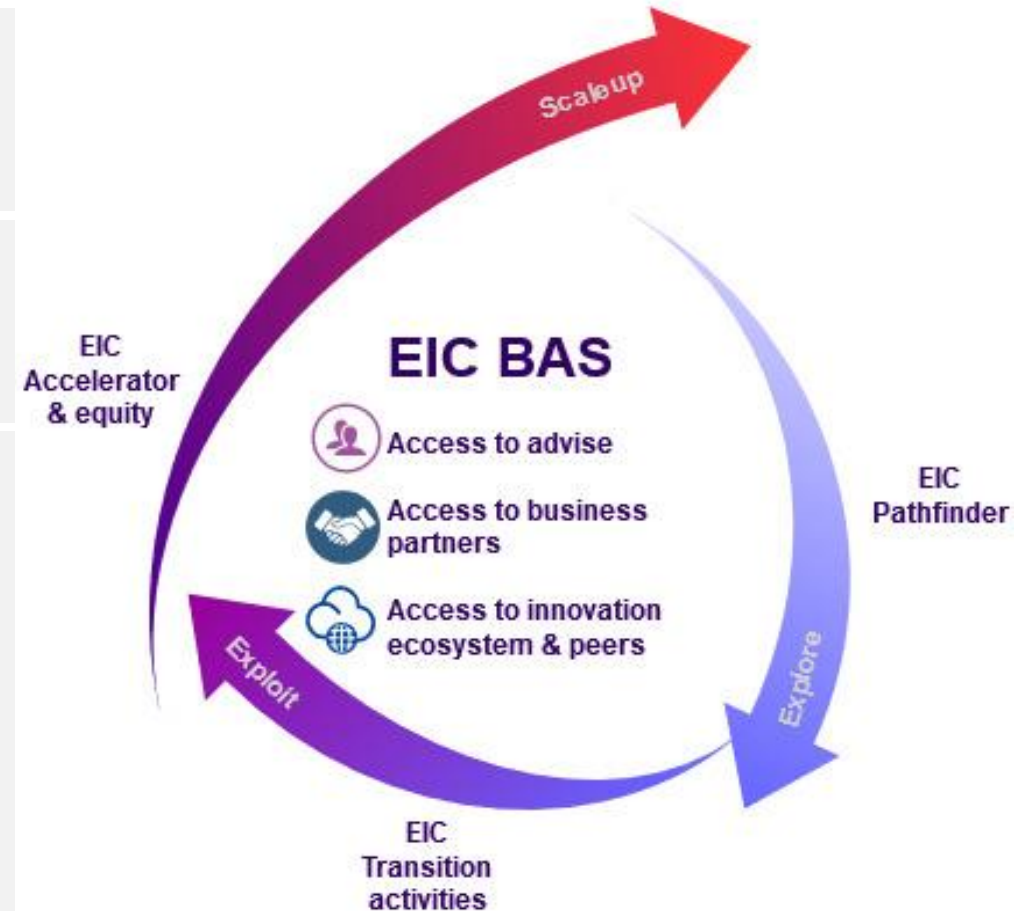
WHAT?

Access to tailor-made services to meet the needs of our clients



WHO?

- **EIC Awardees : Pathfinder, Transition, Accelerator** (H2020 legacy projects included)
- **Applicants** to EIC Accelerator 2nd stage (3 days coaching)
- **Horizon Europe Seal of excellence**
- **Women Tech EU**



EIC Business Acceleration Services (BAS)



Access to Advice and skills

- Tech2Market
- Coaching

- Women Leadership

- Reducing GHG emissions

Access to Business Partners

- Corporates
- Investors

- Trade Fairs

- Innovation procurers

- EIC Scale Up 100

EIC Community & Marketplace & Innospace

Connection to Innovation Ecosystem Partners' services

- Incubators

- Accelerators

- Innovation Agencies

- R&I Infrastructure

- Venture builders

- EIT KICs

EIC Scale Up 100

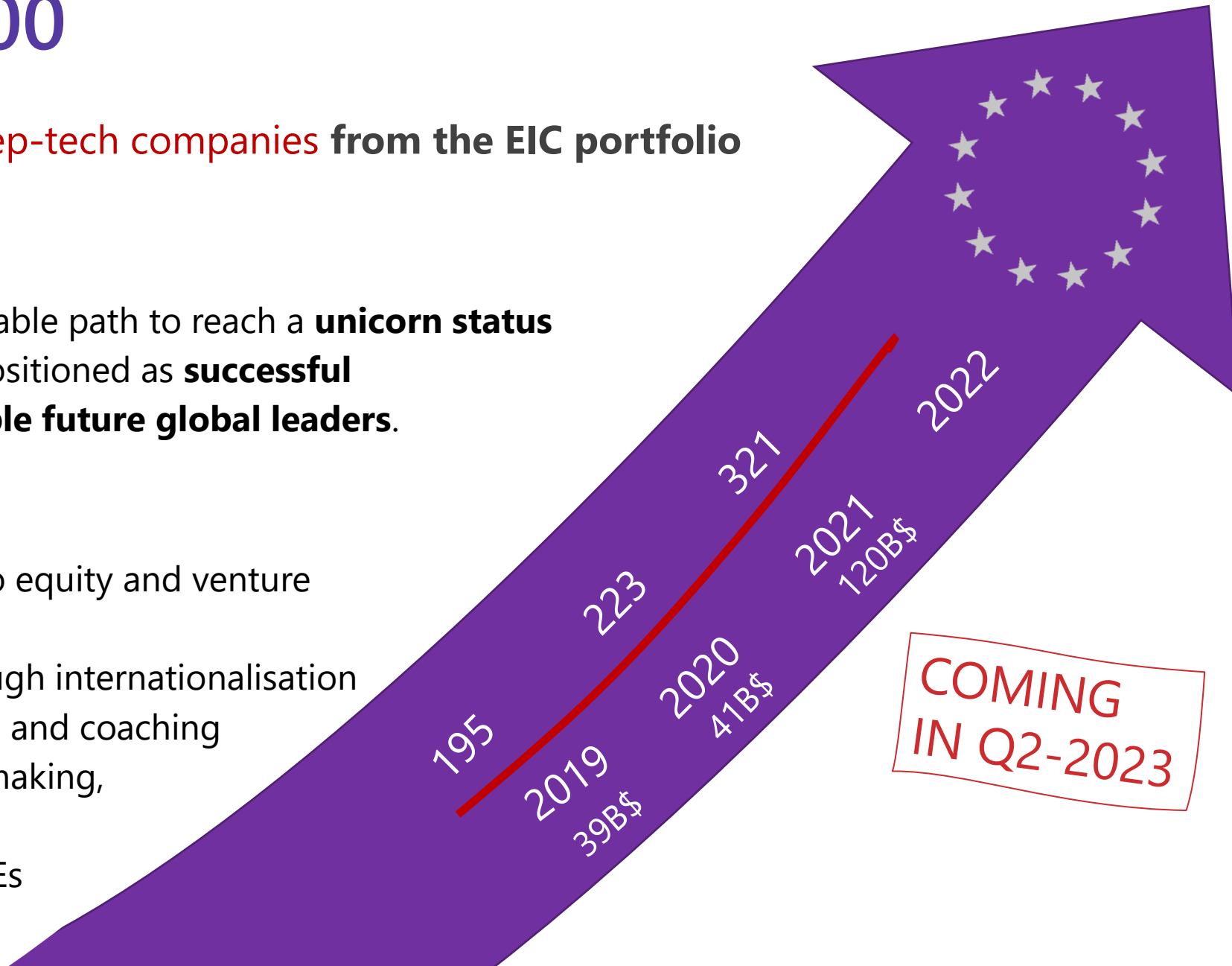
scale-up support to 100 deep-tech companies from the EIC portfolio and beyond

Expected impact

- 20 companies on the sustainable path to reach a **unicorn status**
- 100 supported companies positioned as **successful fast-growing and sustainable future global leaders.**

Support provided

- **Increased funding** (Access to equity and venture debt, VCs, other investors)
- **Business development** through internationalisation (soft-landing) and mentoring and coaching
- **Network expansion** (matchmaking, peer learning)
- **Promotion** of supported SMEs



COMING
IN Q2-2023

EIC PRIZES

European
Innovation
Council



The European Capital of Innovation Awards

European Capital of Innovation winner: **EUR 1 000 000**

European Rising Innovative City winner: **EUR 500 000**

Application period: 8 March - 29 June 2023

EU Social Innovation Competition

Challenge prize **EUR 50 000** x 3 winners

Application period: 30 March - 30 May 2023

European Innovation Procurement Awards

EUR 75 000 x 3 winners

Categories: Innovation procurement strategy, facing societal challenges and procurement leadership

Application period: 20 April - 17 August 2023

European Prize for Women Innovators

Women Innovators' winner: **EUR 100 000**

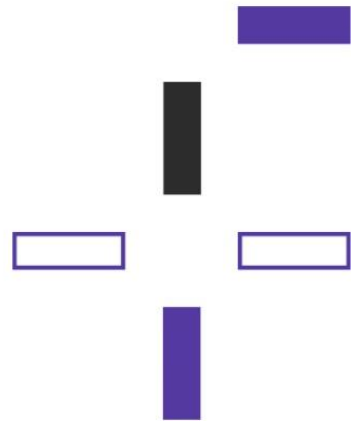
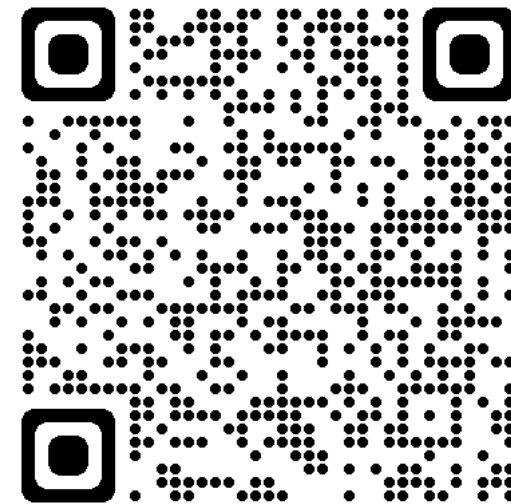
Rising Innovators' winner: **EUR 50 000**

Application period: June - September 2023

European Humanitarian Innovation Prize

EUR 250 000 x winner

Application period: 21 March - 3 October 2023





Thank you!

@EUeic

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