

Backing visionary entrepreneurs

The European Innovation Council
EIC Accelerator

11/05/2021

Viorel Peca

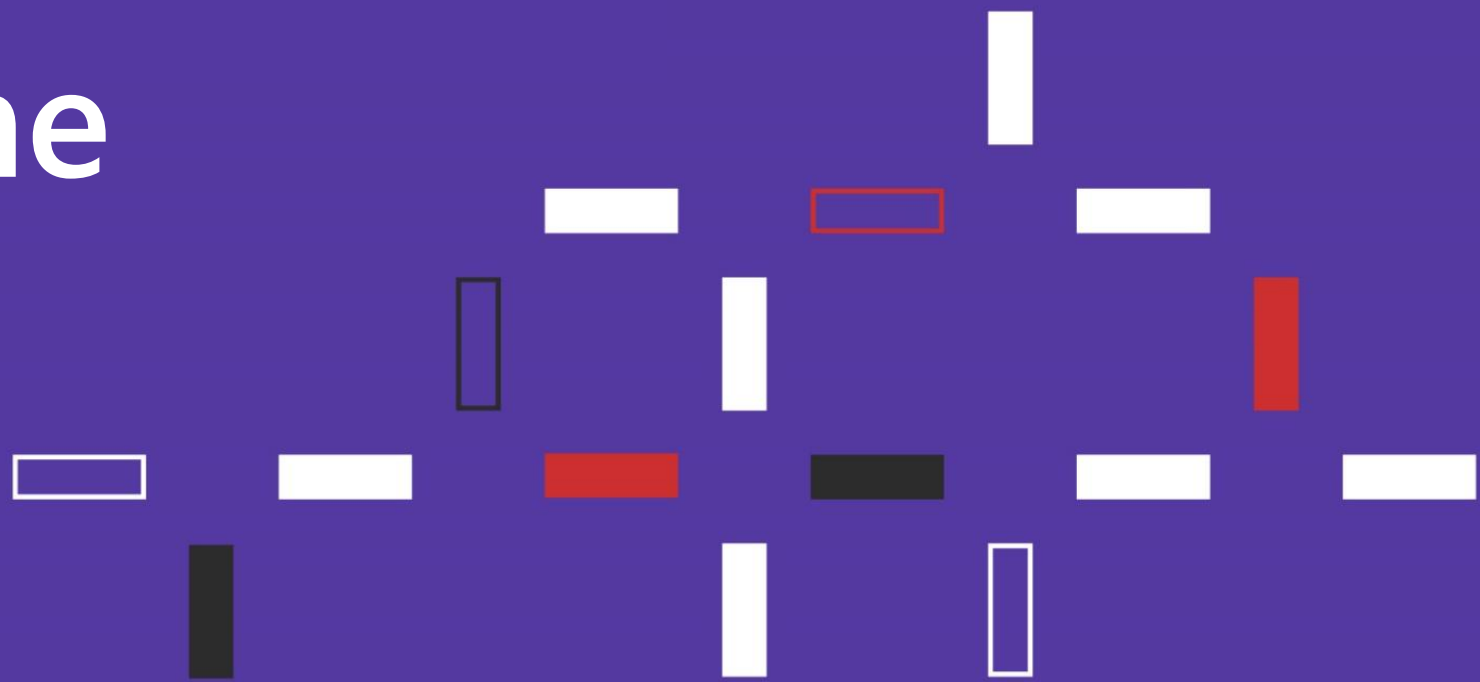
Programul ORIZONT EUROPA – oportunitati de participare

European
Innovation
Council





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



Who can apply? (Eligibility)

- **Single** company classified as **SME** (or “**small mid-cap**” – up to 500 employees – for **investment component only**) established in EU Member State (MS) or Associated Country (AC)
- One or more **natural persons** or legal entities
 - ***intending to establish an SME*** or a small mid-cap in a MS/AC **by the time of signing the contract**
 - ***intending to invest in an SME*** or small mid-cap in a MS/AC, who may submit the proposal on behalf of that SME or small mid-cap and who have a prior agreement with the company. Contract only with beneficiary company!
 - **from a (non-AC) third country, *intending to establish or relocate an SME to a MS or AC* by the time of submitting a full application.** Company must prove effective establishment. Union interest needs to be met.



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).



Tailor-made services for all EIC beneficiaries

Access to advise

- Coaching, mentoring, expertise and training

Access to business partners

- Corporates, investors, distributors, innovation procurers, clients & more

Access to innovation ecosystems & peers

- EIT KICs, incubators, accelerators, innovation agencies, associations, stock exchanges, EEN, IPR Helpdesk, EUIPO



Calls and timeline

Continuously Open Call

- **Short application**
- Call open as from adoption of the work programme
- Remote evaluation results within 2-4 weeks

Accelerator Open and Challenges

- **Full application**
- **June 16 and October 6** cut-off dates
- Choose between Open or Challenges
- Remote evaluation results within 5 weeks
- Interviews 9 weeks after cut-off



Accelerator Challenges (1)

- Strategic Digital and Health Technologies
- Innovative business models, new processes, smart products and services
- Globally leading technology
- Important for European welfare and economic development
- E.g. high-performance computing, edge computing, quantum technologies, cybersecurity, AI, block-chain, cloud infrastructure, IoT
- E.g. AI-driven early diagnosis, POC diagnostics, cell+gene therapy, biomarkers, bioprocessing 4.0, healthcare intelligence services, e-health solutions



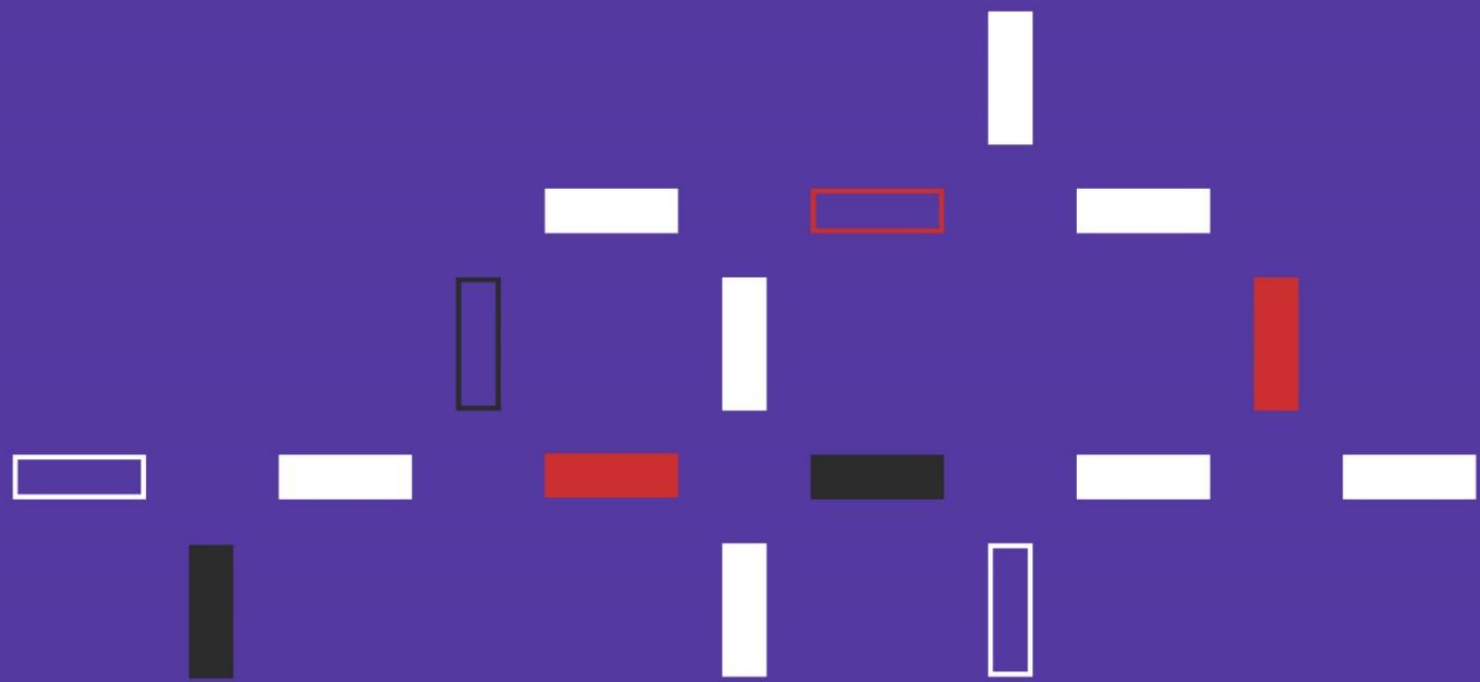


Accelerator Challenges (2)

- Green Deal innovations for the Economic Recovery
- Game changing, market creating innovation, contributing to the goals of the European Green Deal and supporting economic recovery
- Meaningful impact towards sustainable development
- Support the Green Deal implementation by significantly contributing to at least one of the following sustainability goals: climate mitigation and adaptation; clean, affordable, secure energy; clean/circular economy; energy and resource-efficient building and renovation; sustainable+smart mobility; fair, healthy, environmentally-friendly food system; ecosystems and biodiversity; zero pollution and toxic-free environment
- At least 50% of companies selected for interviews related to one of the following areas: renewable energy; deep renovation of buildings; low-carbon industries; battery and other energy storage systems



The Evaluation Process



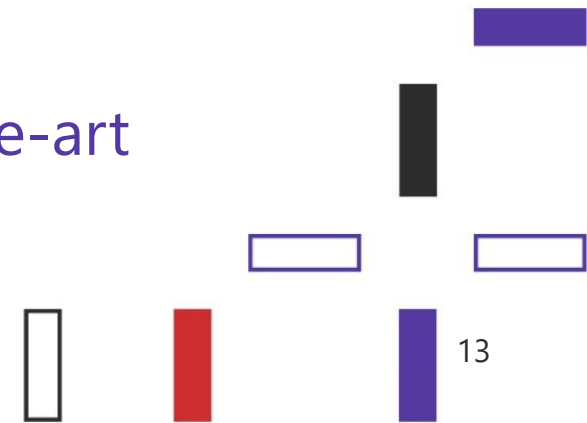


7 guiding principles

1. **Timeliness**: continuously open call for ideas – innovators can submit their ideas whenever they wish. Just-in-time evaluations.
2. **Support services for innovators**: AI-based IT platform and business coaching to help applicants to further develop and improve their initial idea and draft their proposal.
3. **Enhance the quality of evaluation**: limit resubmissions of rejected proposals: drastic reduction in the number of proposals to evaluate, allowing more time to evaluate every proposal.



4. **Reward effort**: create a “second chance” for very good to excellent proposals failing to get funding at the interview.
5. **Encourage radical ideas and risk-taking attitude**: avoid forcing consensus between evaluators, allow dissent. This novel approach acknowledges that choices made during the various stages of the evaluation process cannot be 100% objective. GO/NO-GO decisions.
6. **Enhance transparency**: provide detailed feedback to applicants (even if evaluators dissent).
7. **Promote innovativeness and disruptiveness**: new state-of-the-art Artificial Intelligence-based platform for the submission and evaluation of EIC proposal.



The evaluation step by step



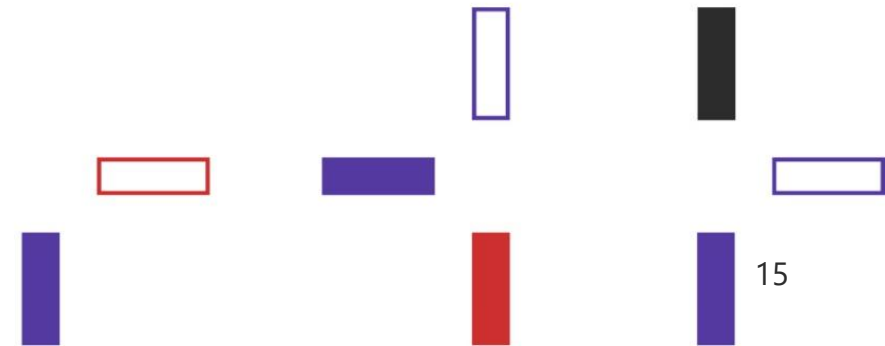


Short application: your idea

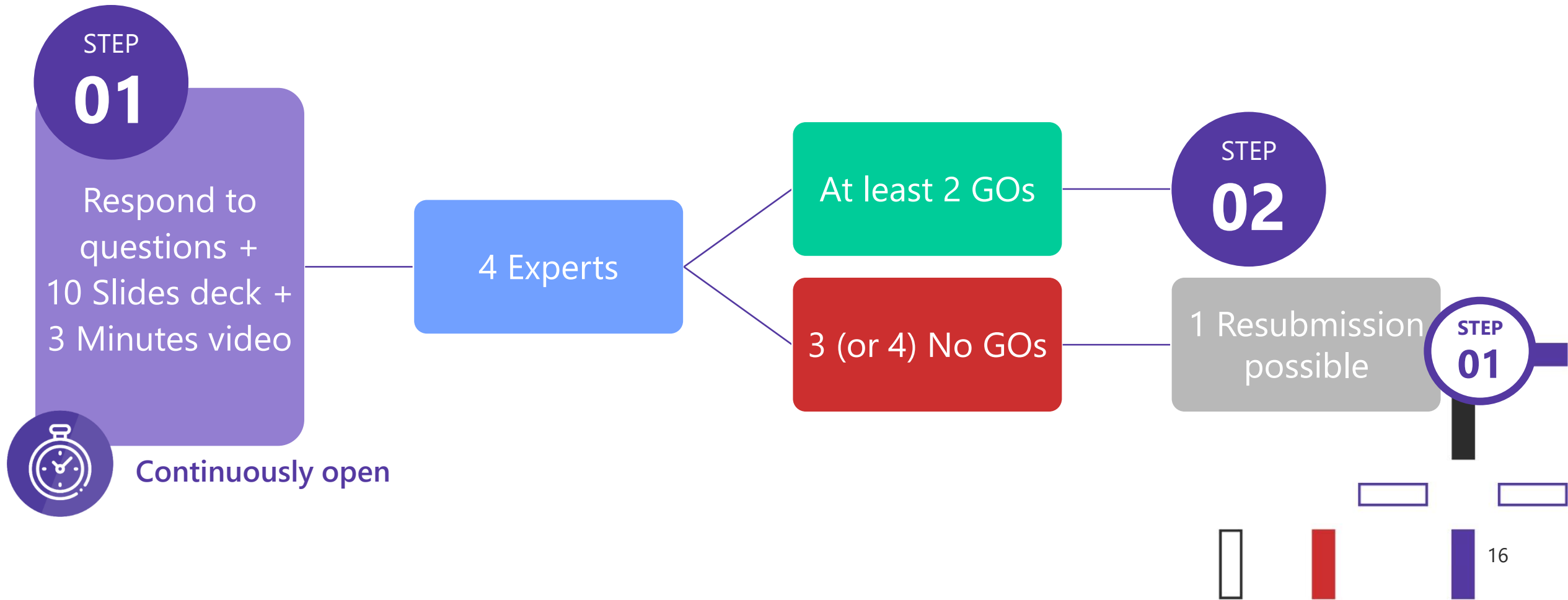
STEP

01

- Respond to a set of questions on the EIC AI-based IT platform
- Submit a 10 slides presentation
- Submit a 3 minutes video pitch



Short application: evaluation process



Full proposal: your business plan

STEP

02

- Prepare a business plan supported by the EIC AI-based platform and with the help of an EIC business coach (not mandatory)
- Submit your full proposal

STEP

02

Prepare your
business plan
with the AI tool
and a coach +
Submit a
proposal

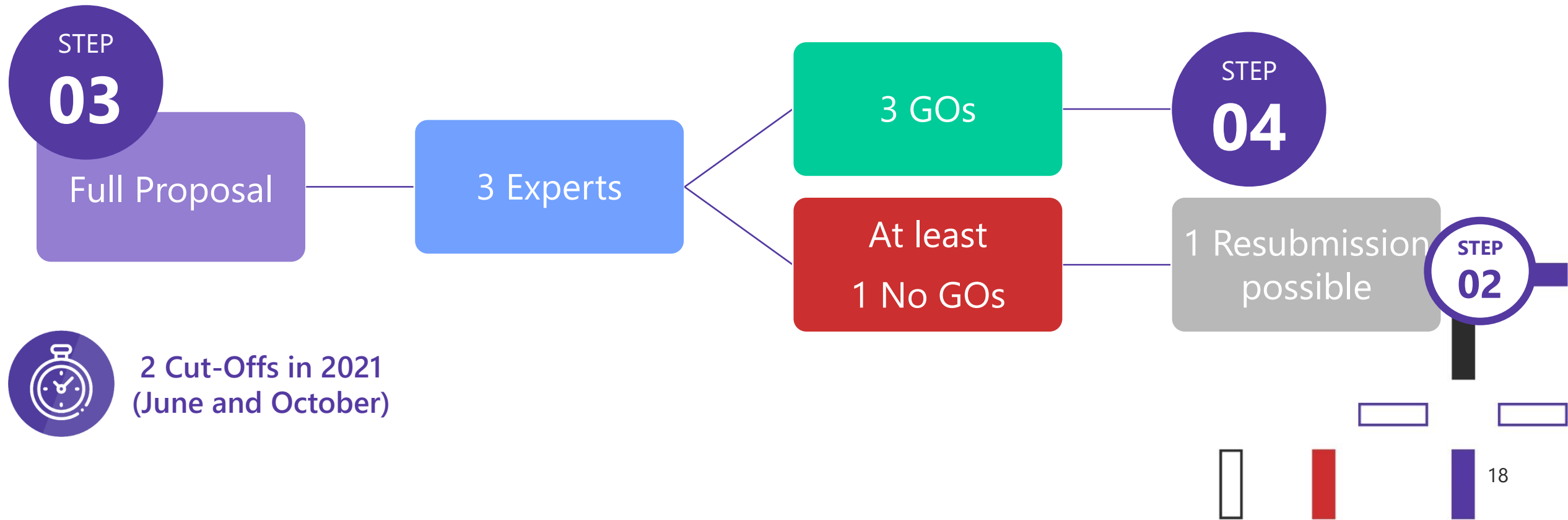
STEP

03



Continuously open

Full proposal: remote evaluation process





Interview: pitch your innovation

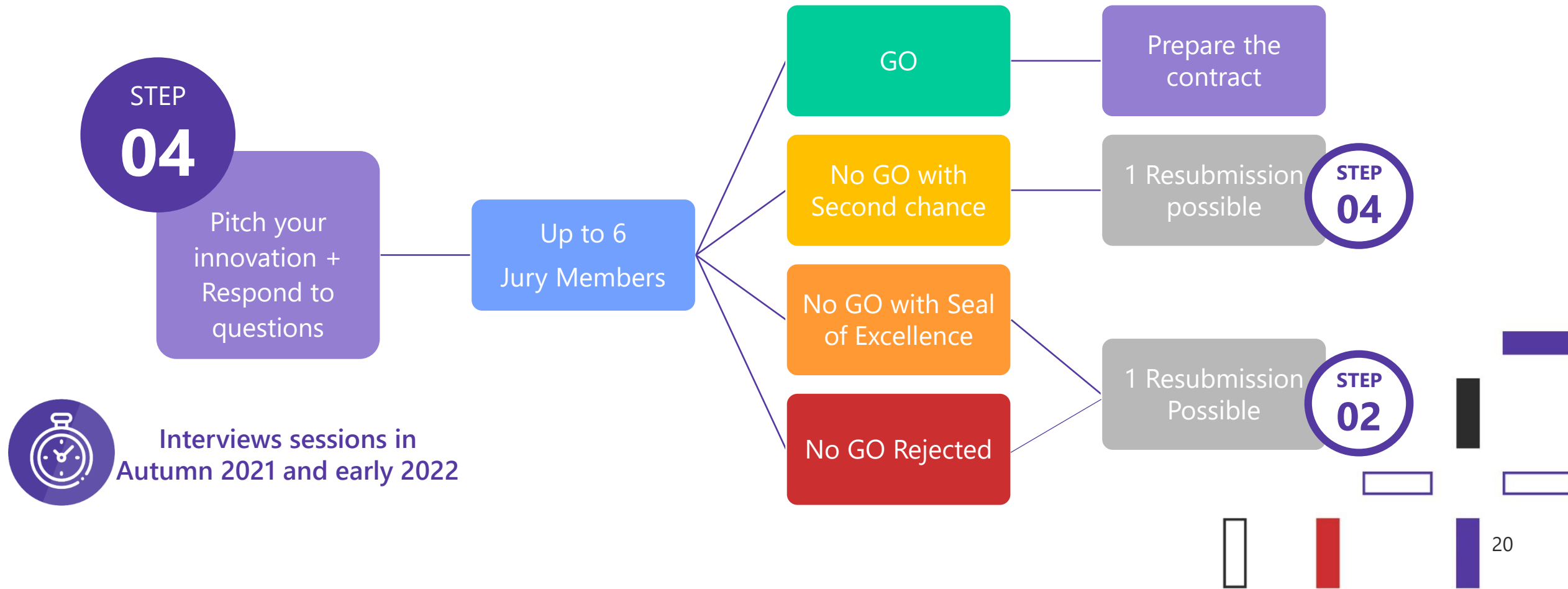
STEP

04

- Pitch your innovation to the EIC Jury Members composed of serial entrepreneurs, innovation specialists and senior investors
- Answer the questions from the EIC Jury Members
- If selected, you will sign the contract



Full proposal: remote evaluation process



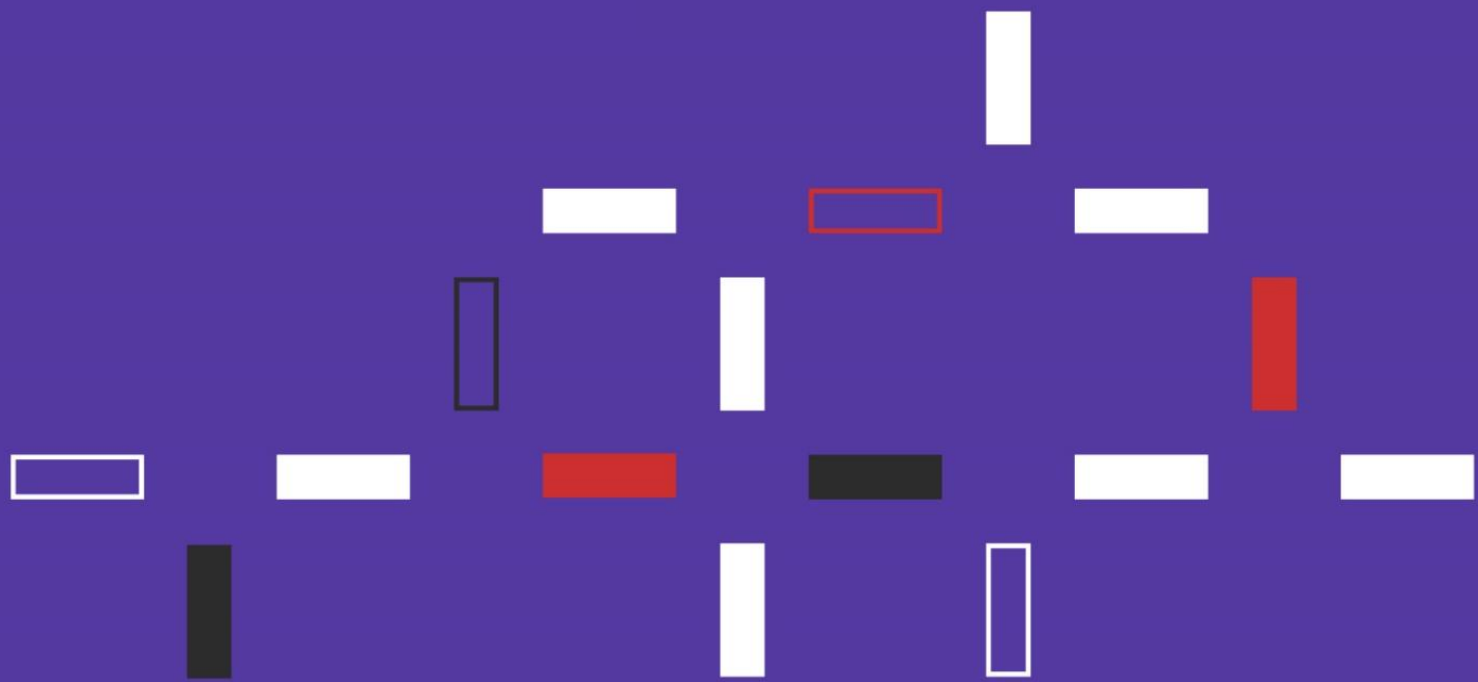


Seal of Excellence

- Awarded to applicants with GO on all criteria at remote evaluation and GO on “excellence” and “impact” by the jury
- Seal of Excellence companies receive access to EIC Business Acceleration Services
- Seal of Excellence companies receive support from Enterprise Europe Network to secure other funding
- To be eligible for Seal of Excellence, applicants must give consent to share basic data to other funding & support bodies



The AI-based platform



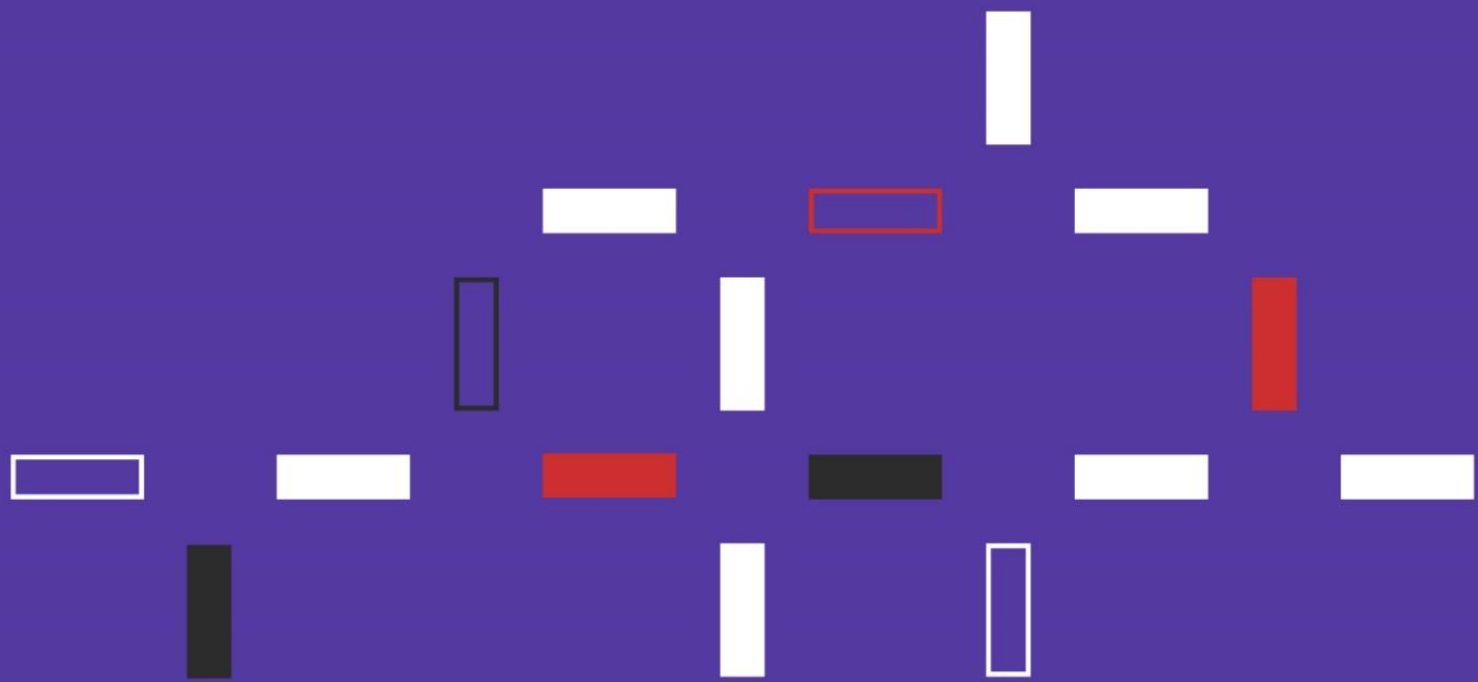


A tool for both Applicants and Evaluators





The Resubmission Rules





Short application

STEP

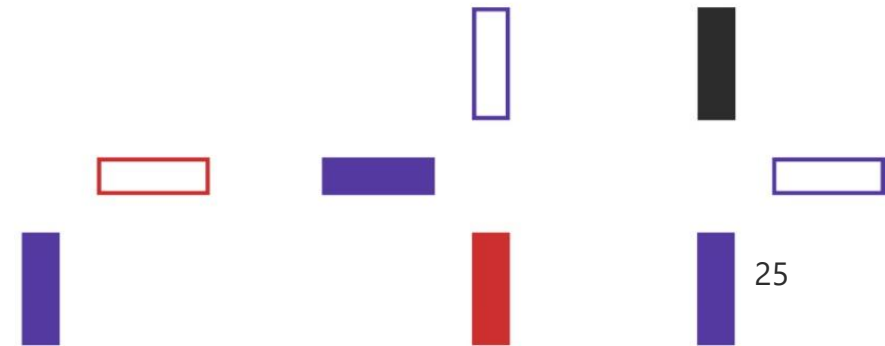
01

1. If rejected one time

One resubmission allowed at any time.

2. If rejected a second time

No new submission will be allowed for 12 months, at which point you may only submit a new or significantly improved proposal to the short application stage.





Full proposal

STEP

03

1. If rejected one time

One resubmission directly to the remote evaluation at one of the following two cut-offs, but with an improved proposal.

2. If rejected a second time

No resubmission will be allowed for 12 months, at which point you may only submit a new or significantly improved proposal to the short application stage.



Interview

STEP

04

1. If rejected one time but you get a second chance

Resubmission of a revised application directly to one of the next two interviews. The revised application must address the specific issues identified by the jury. Permitted only once.

2. If rejected one time but you get a seal of excellence

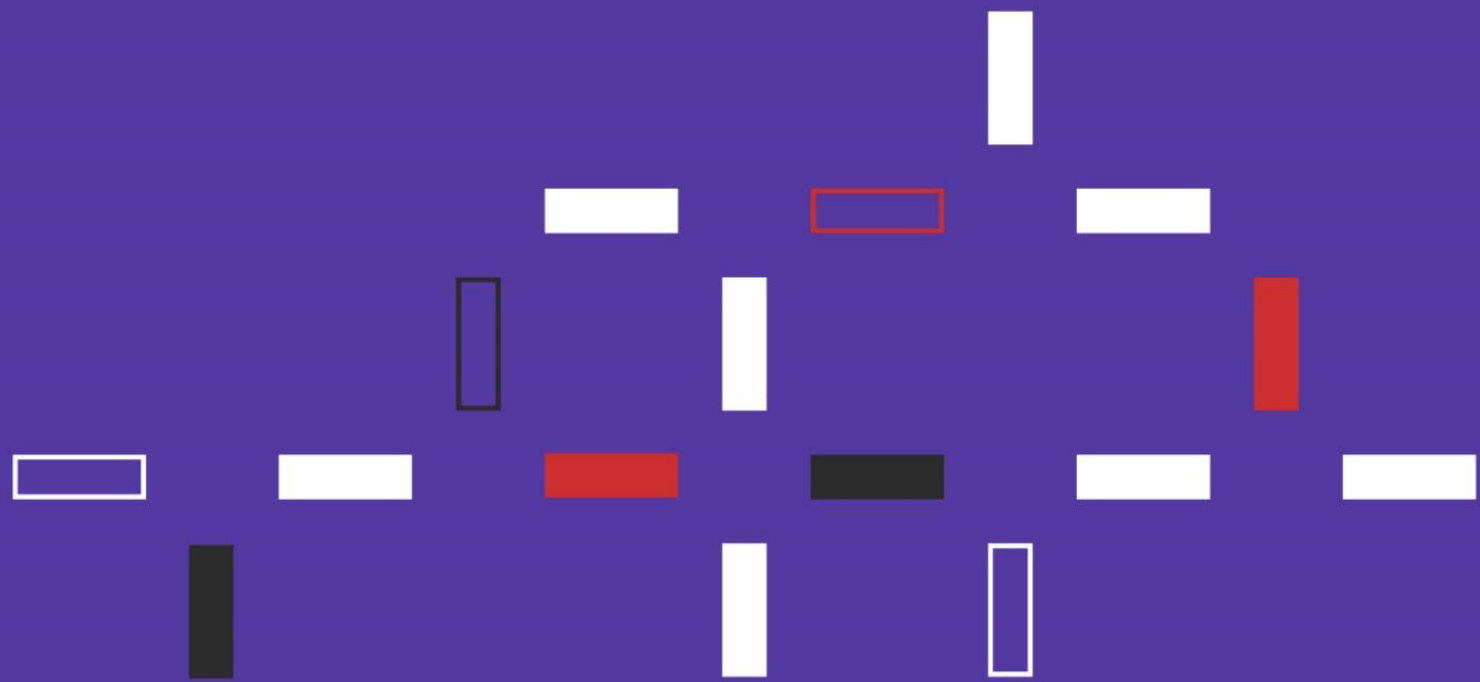
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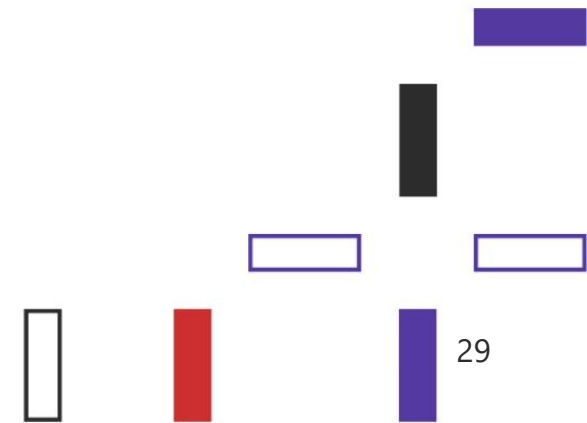
EIC Fund





The Fund

- The EIC Fund **is a venture capital fund.**
- **The European Commission is the shareholder.**
- It is a **flexible** instrument (Reserved Alternative Investment Fund, RAIF): multiple compartments (umbrella), different assets.
- It was **established in June 2020.**
- The EIC Fund is an open-ended fund.





Mission

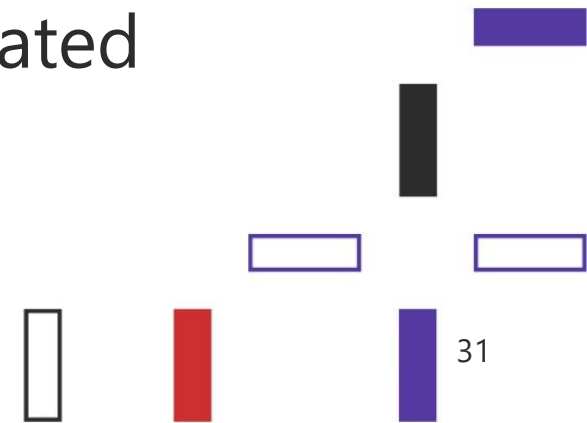
- To **bridge the critical financing gap** faced by innovative science and engineering based companies when bringing their technologies to the market.
- To scale up breakthrough European innovations.
- To crowd in other investors, further sharing risks.
 - To build a **large network of capital providers 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.**





Investment component

- The EIC Fund provides **patient capital** in the form of equity or quasi-equity.
- The Fund invest in **start-ups** with potentially market-creating innovations, whether based on **breakthrough disruptive technologies** originating from research (deep-tech) or on social innovation.
- From **any sector**, across **all EU countries** (and associated countries).





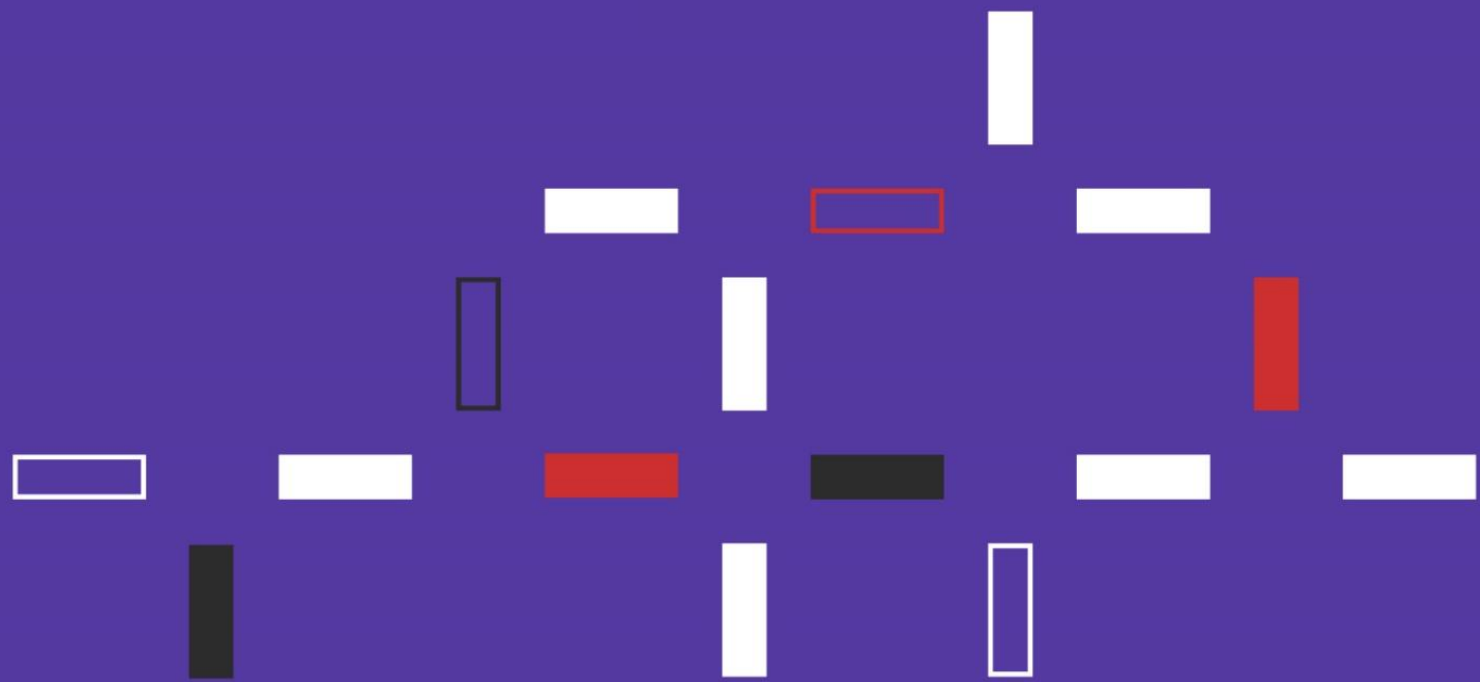
Investment component

- The EIC Fund invests at **early stage** (seed, start-up, scale-up) from €0.5 to 15 million.
- The Fund may reserve **follow-on capital** to invest in subsequent series.
- The Fund 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.
- Investments will normally be made with a long average perspective (7-10 years) with a maximum of 15 years.
- The EIC Fund will manage the investment component for proposals retained for either blended or investment-only support.





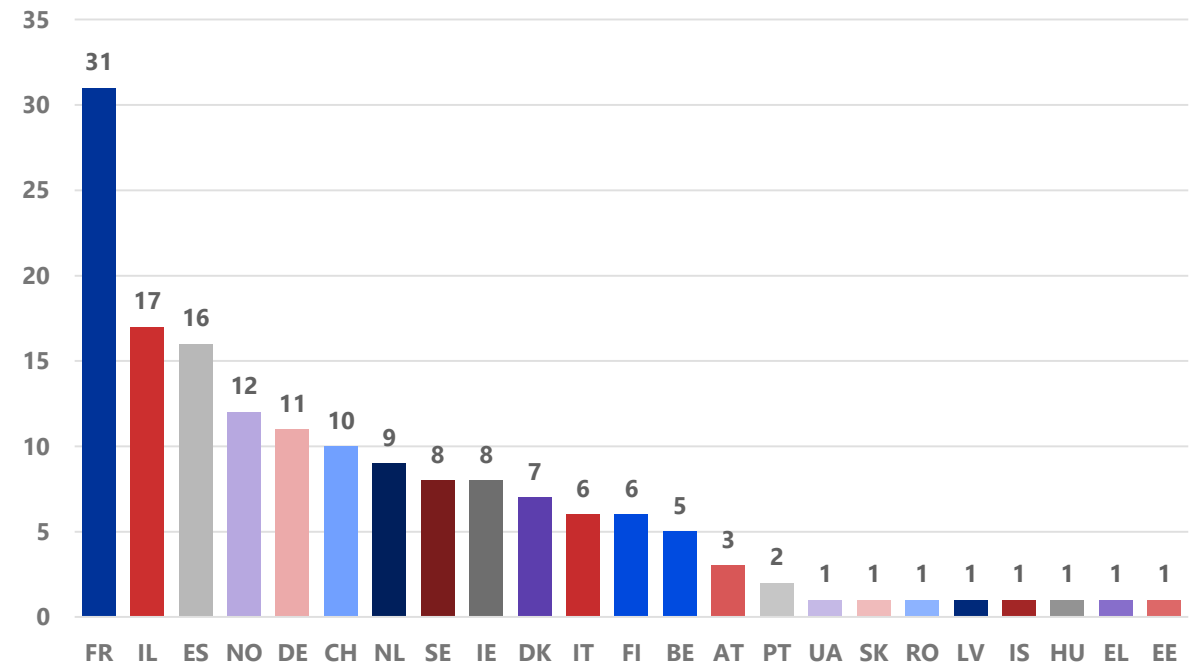
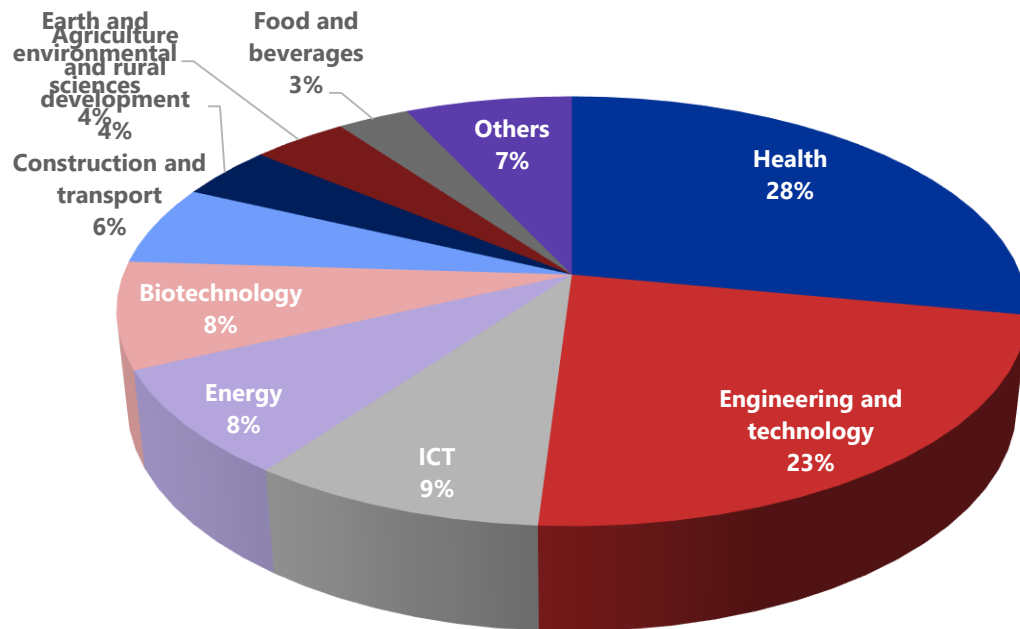
The experience of the pilot





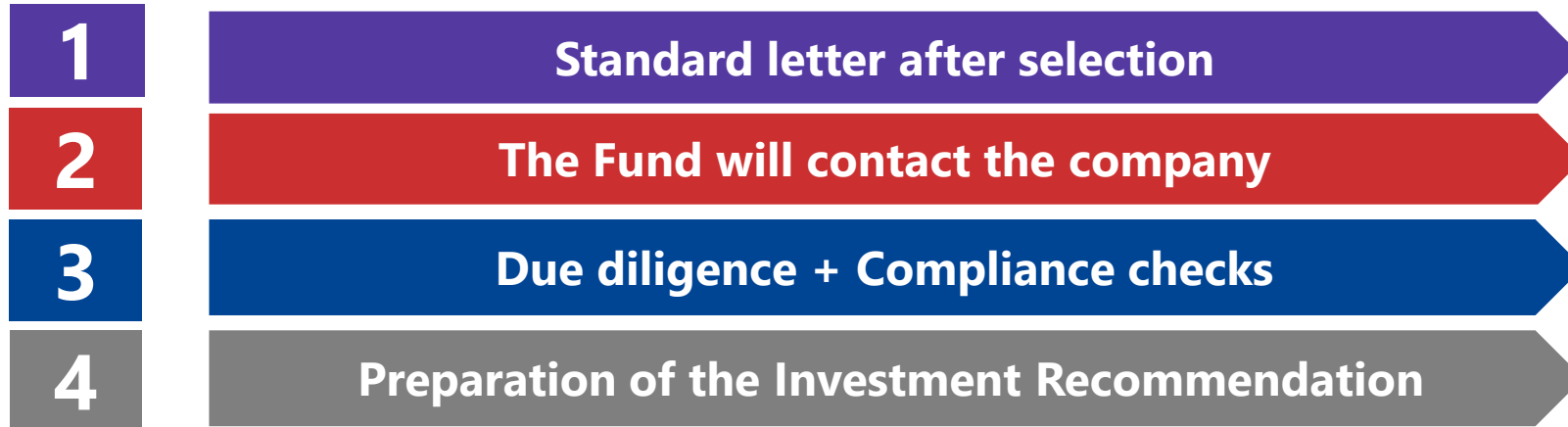
EIC Fund deal flow from pilot phase (2019-20)

- The EIC Fund is building a portfolio of 159 early-stage technology companies (€680 million investment, €4.3 million average)





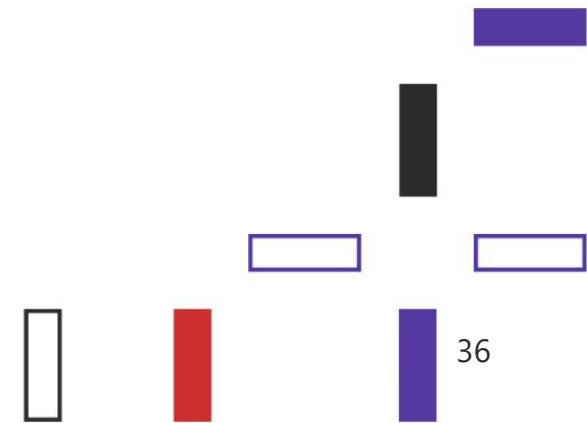
EIC Fund: Investment Process





Due diligence

- The European Investment Bank (EIB) performs exhaustive due diligence prepares the investment recommendations:
 - Risk assessment, compliance and KYC
 - Product and technology
 - Market and competition
 - Commercialization strategy
 - Business plan and financial projections
 - Management
 - Board and governance
 - Ownership and capital structure
 - Optimal investment structure





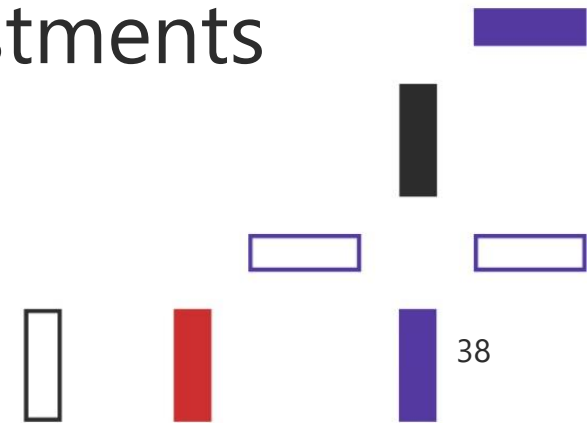
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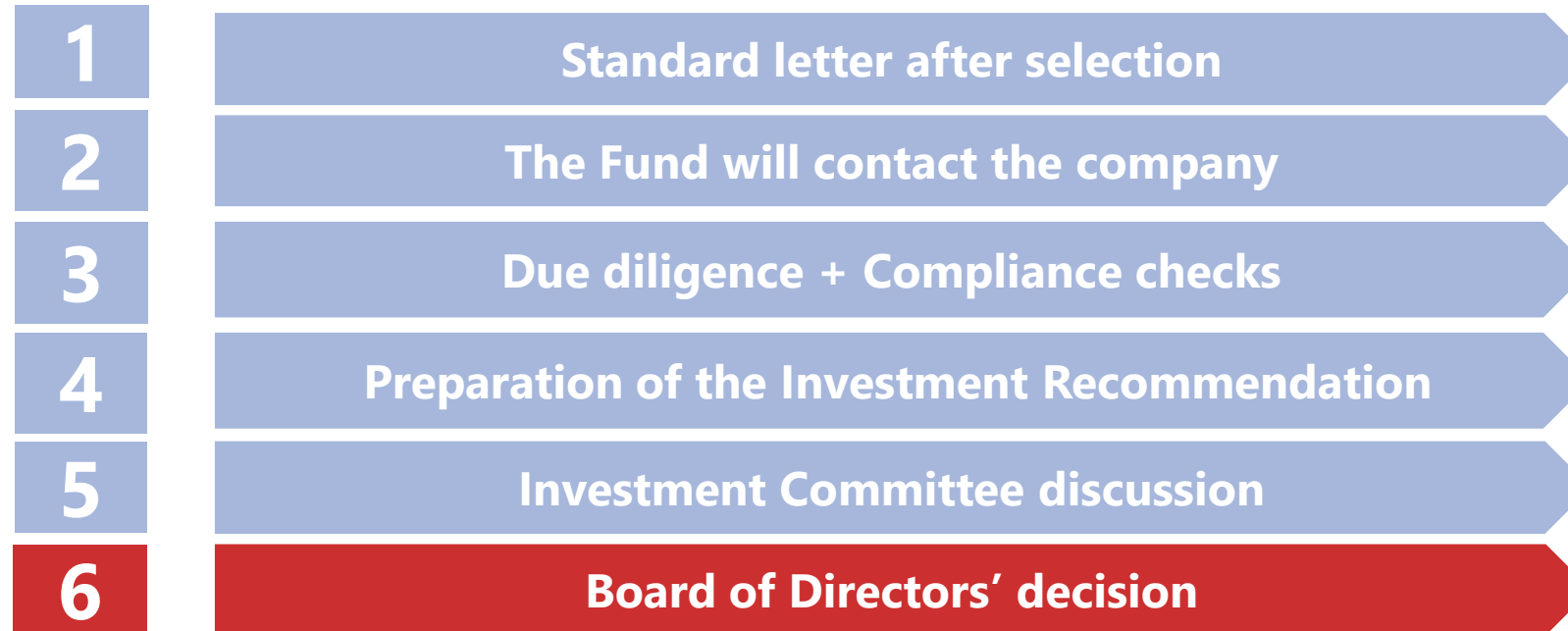
The EIC Fund Investment Committee

- For the current compartment, the Investment Committee consists of seven independent experts and seasoned investors and practitioners + European Commission representative as chairperson.
- **Makes recommendations** to the EIC Fund Board on investments, follow-on investments and divestments





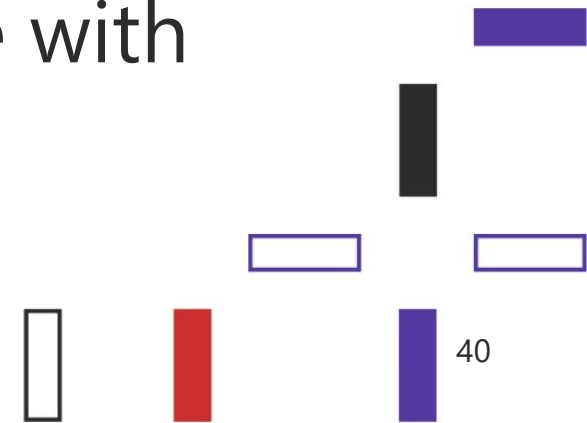
EIC Fund: Investment Process





EIC Fund Board of Directors

- Broadest powers.
- Currently, five members appointed by the EC
- Sets the investment guidelines
- Makes investment decisions (the amount and the terms) on the basis of the recommendations made by the Investment Committee and in compliance with the Investment Guidelines





EIC Fund Board of Directors

- As an outcome of the due diligence, following a proposal made by the EIC Fund Board, the Commission may reject the investment and may also request amendments or, in the cases of misrepresentation, terminate the contract.
- If the outcome of the due diligence concludes that the innovation or the company is not yet mature for equity investment, the EIC Fund Board may recommend to the Commission that the company starts with the grant component first.





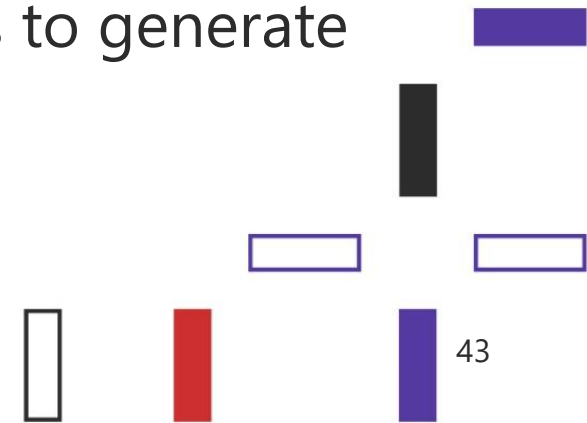
EIC Fund: Investment Process





Crowding in: why so important?

- The EIC **does not aim to replace/displace the market** but to de-risk the projects and attract other investors.
- Strategic investors **dramatically increase the chances of the companies to succeed**: provide expertise, mentoring and networking in specific industries and markets, key enabling technologies and business models:
- The EC Fund strives for larger rounds, thereby **multiplying the value of taxpayers' money** (EIC Advisory Board, Vision Paper: goal is to generate a **leverage effect** equal to 3 to 5 times).





Crowding in

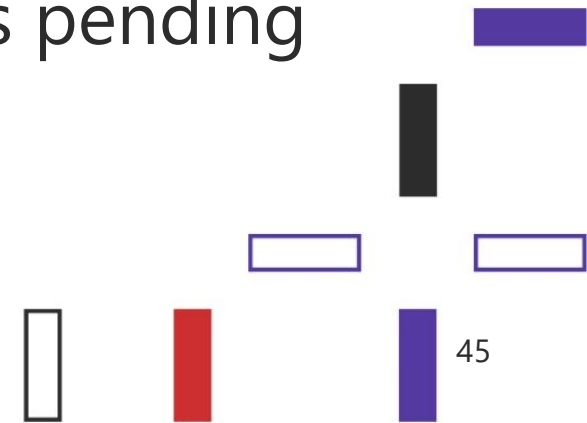
- In the application, companies will be offered the opportunity to share certain data and information with investors.
- The Fund will start looking for other investors during the due diligence.
- The EIC Fund will support the companies through a dedicated matching platform.
- When looking for co-investors, the EIC Fund will also incentivise other investors to provide mentoring tasks and independent advice to the company.





The EIC Fund under Horizon Europe

- The EIC Fund is preparing a **new compartment for Horizon Europe** (the first compartment is the EIC Pilot).
- The new compartment implies **new Investment Guidelines** building on the experience gained during the EIC Pilot (including feedback provided by stakeholders, market professionals and Programme Committee).
- Publication on-line of the draft Investment Guidelines pending official adoption (tbc) end of March/early April.





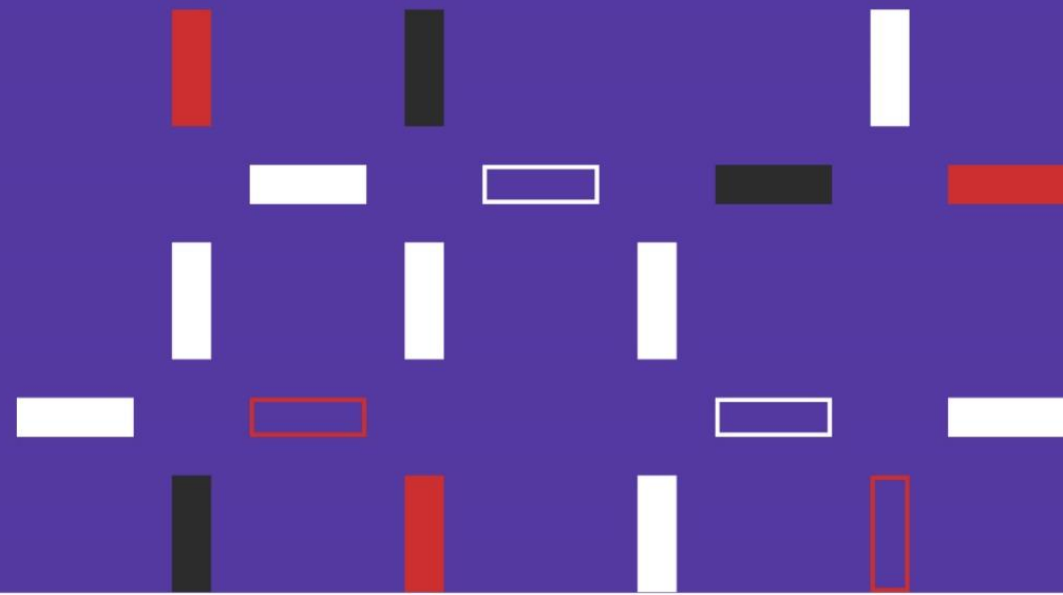
Thank you!

- https://ec.europa.eu/info/events/eic-applicants-day-2021-2021-mar-19_en
- https://eic.ec.europa.eu/news/european-innovation-council-applicants-day-presentations-are-available-2021-03-29_en
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Due diligence

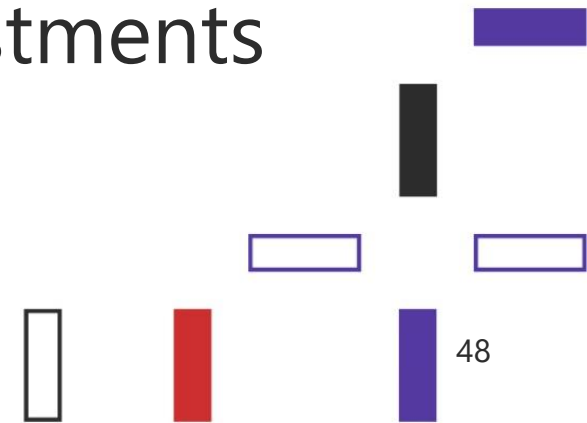
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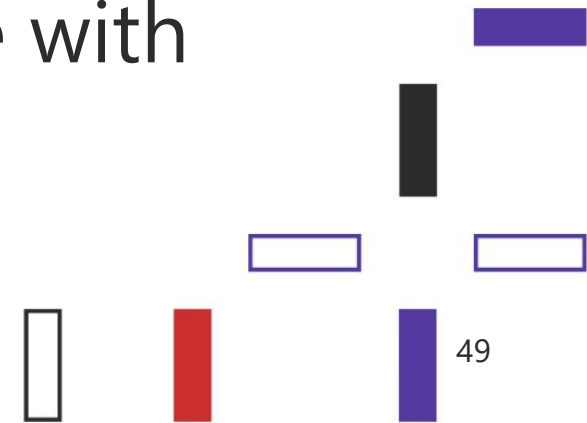
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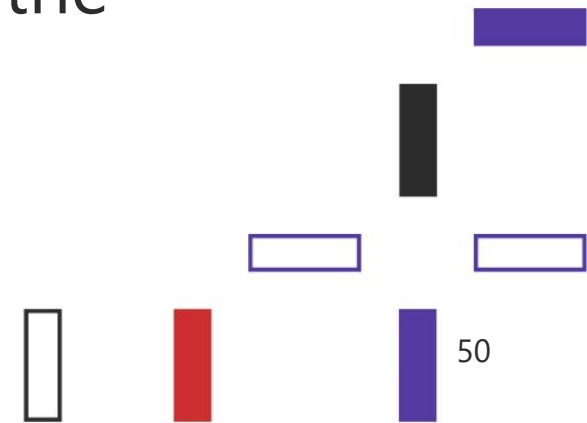
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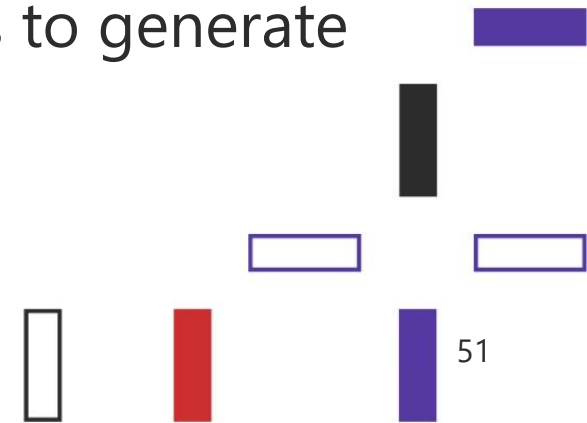
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Crowding in: why so important?

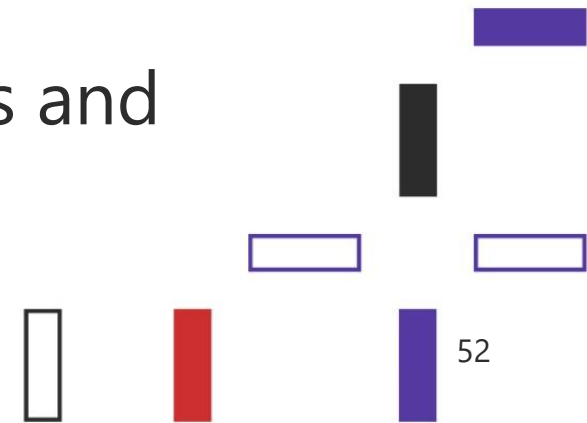
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