

EIC Info Day 2022

EIC Accelerator

Cornelius Schmaltz

Head of Unit EIC Accelerator

European
Innovation
Council





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**')

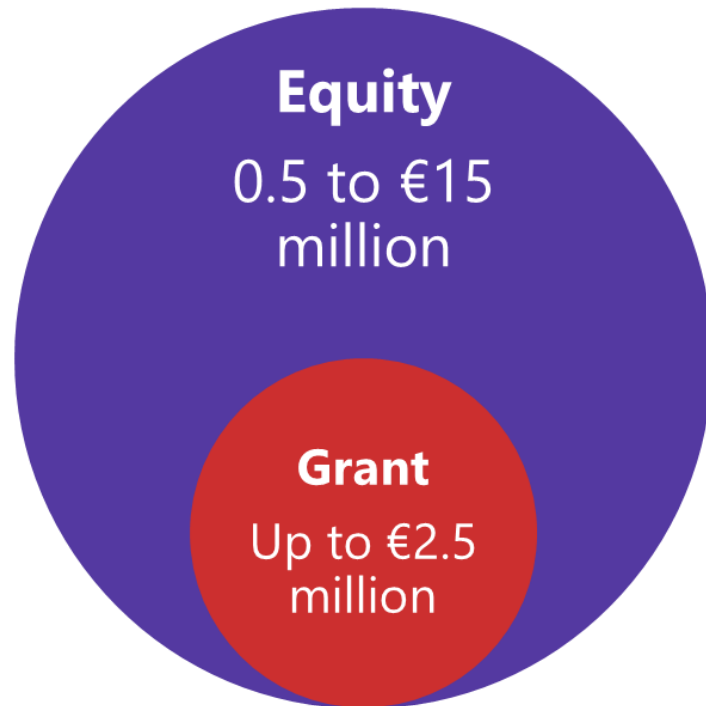
Innovations where **significant funding** is needed over a **long timeframe** and are **too risky** for private investors alone



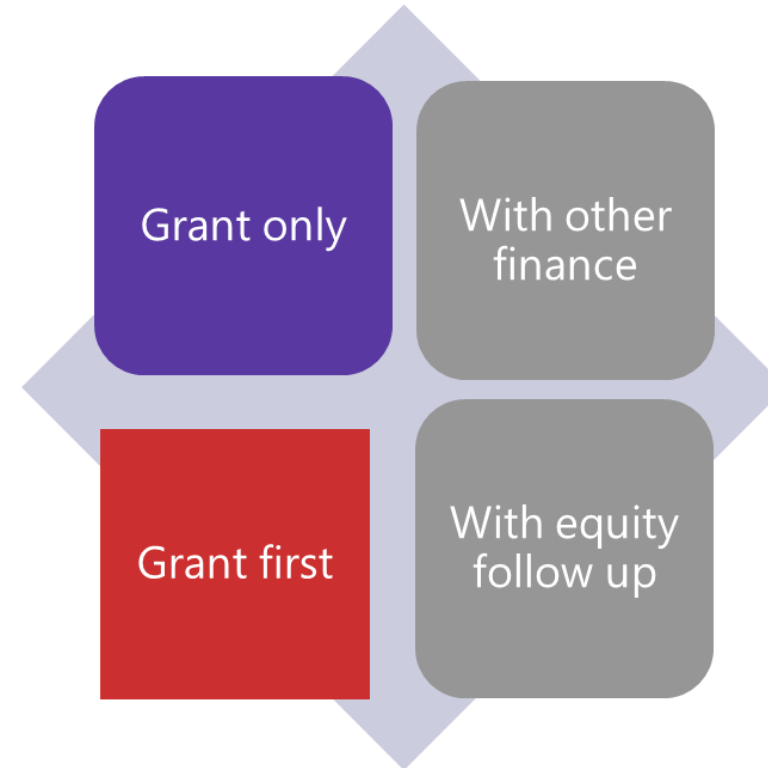


What can you apply for?

EIC Blended Finance



Also





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.





New elements introduced in 2022

EIC Accelerator

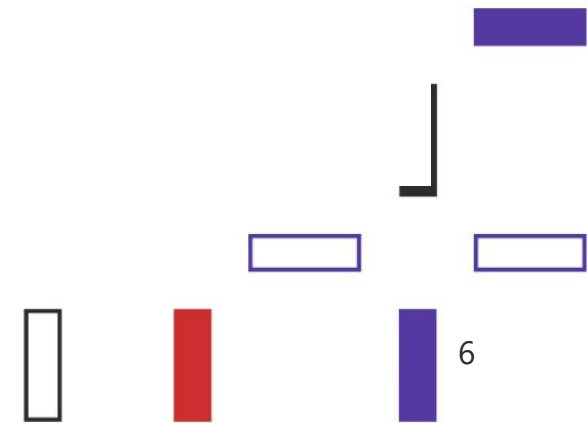
- Companies can apply for **investments above €15m** subject to conditions and budget limits
- More **frequent cut-off dates** for full applications (March, June, Oct).
- **Improved resubmissions** policy: applicants can "rebut" evaluators comments; evaluators must take account of improvements (and rebuttals)
- **Priority to interview women-led companies**: expanded to include companies with female CTO, CSO (as well as CEO)
- **Seal of Excellence simplified**: non-funded applicants from jury interviews awarded a Seal (no need for jury decisions)
- **Fast track implemented for EIT**: to submit companies directly to full application stage

EIC Accelerator in 2022

Sli.Do: #EIC

Open Accelerator

- **EIC Accelerator Challenge:** Technologies for Open Strategic Autonomy
Significant reduction of the European dependency on other regions for deep-tech innovations and services of EU key strategic interest; strengthening of European competitiveness, security and open strategic autonomy.
- **EIC Accelerator Challenge:** Technologies for 'Fit for 55'
Accelerating decarbonisation by having high potential impact on reducing net CO₂ emissions; more inclusive and steady acceleration towards climate neutrality by 2050





EIC Accelerator: Seal of Excellence

- Seal of Excellence new approach: all applicants at interview phase to be awarded SoE if not funded – as long as they give consent – up to 189 from 2021 calls (**rule applied retroactively to June cut-off applicants**)
- Text improved:
In exceptional cases if jury recommends no SoE, this must be justified
Further clarity regarding consent (sharing information with alternative funding bodies in MSs/ACs)
- Seal of Excellence for companies from June and October 2021 cut-offs to be issued very soon (now that WP 2022 has been adopted).



EIC Info Day 2022

EIC Accelerator

Application and Evaluation

Catherine Eginard, Deputy Head of Unit,
EISMEA Operational coordination
support

European
Innovation
Council





The evaluation steps

1

- You have a disruptive/deep tech idea with 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 proposal**

3

- **Your full proposal** is assessed by remote evaluators

4

- **You pitch your innovation** in front of the EIC Jury Members
- If selected you sign the EIC contract (including the grant component and – if applicable – and indicative amount of the investment component)

5

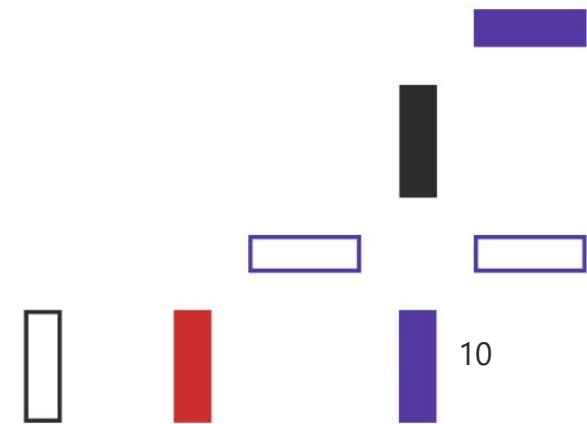
- **In case of investment component** you enter a due diligence process + compliance checks
- At the end of the process, you sign the Investment Agreement and your EIC contract is updated accordingly



EIC programmes – Cut-off dates

Accelerator – Open and Challenges

- Cut-off 1: March 23 [Interview weeks: 10/05 to 20/05]
- Cut-off 2: June 15 [Interview weeks: 12/09 to 23/09]
- Cut-off 3: October 5 [Interview weeks: 21/11 to 2/12]



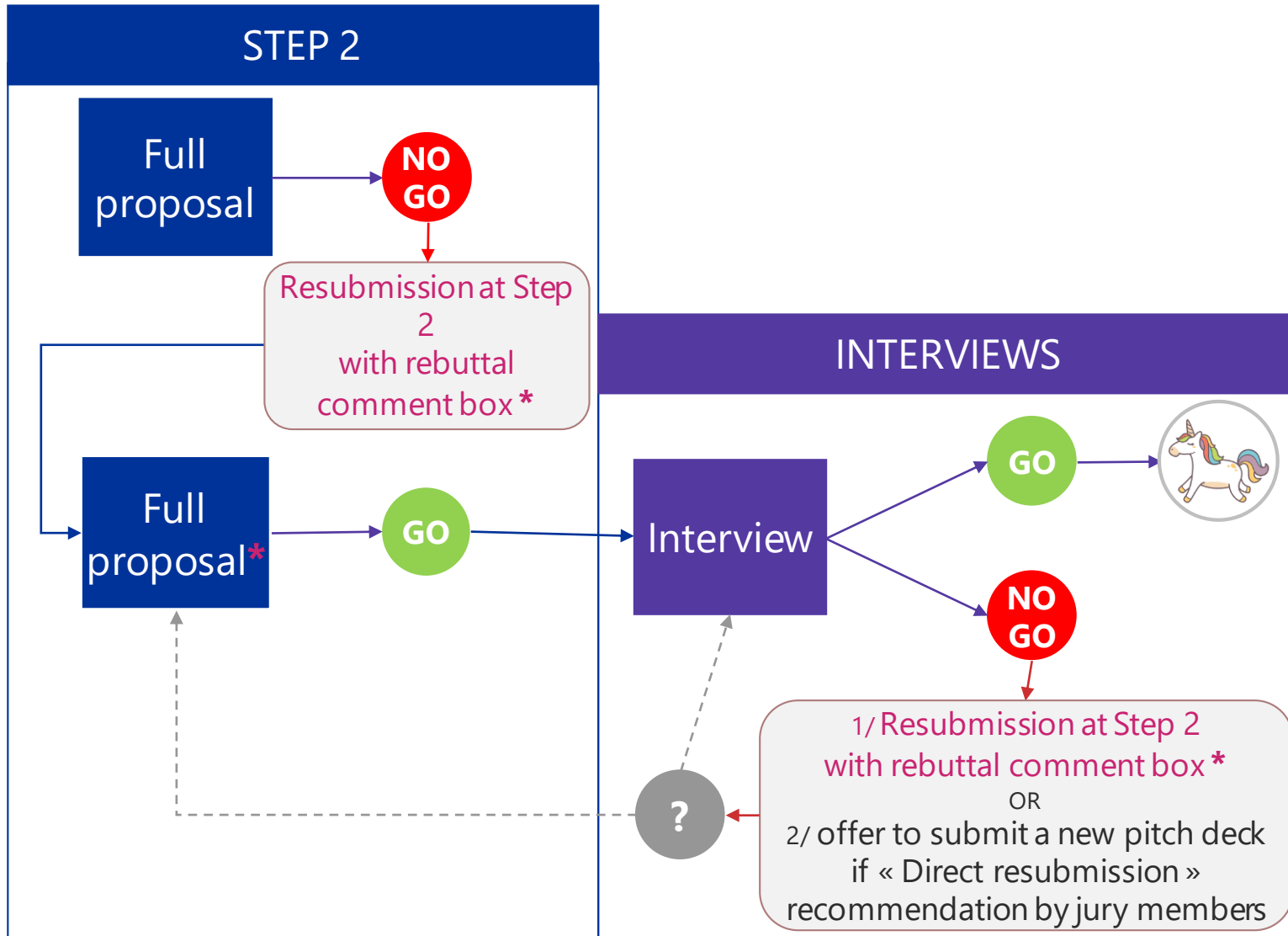


EIC Accelerator – Recent and on-going developments

Resubmissions & rebuttal:

- Applicants having being rejected once at full application stage may rebut the comments provided by the experts in the initial proposal when resubmitting an improved proposal.
- WP text reinforced that the new experts assigned to resubmitted proposals **will be requested explicitly to assess improvements** since first evaluation (consistency) and **take account of rebuttal comments** on feedback from first evaluation (**briefings and guidance updated accordingly**).
- Important to maintain fully the principle of excellence and **require GOs on all criteria** to proceed to jury interviews (experience from 2021 shows that this leads to a manageable number of interviews with approx. 50% success rate at interview).

EIC Accelerator – Recent and on-going developments



On the rebuttal*:

- Additional comment boxes available in the Business Plan
- Visible on top of the Business Plan for remote evaluators

Submission Additional Questions *

Please summarize the main changes to your step 2 full proposal compared to its first rejected version, if any

Please provide your rebuttal, if any, to experts comments on your first rejected step 2 full proposal



EIC Accelerator – Recent and on-going developments

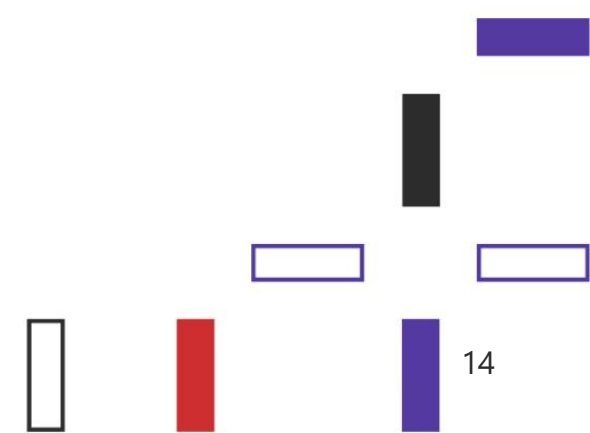
- New AI functionalities for remote experts:
 - Heat map : Team skills/Technologies





EIC Accelerator – Recent and on-going developments

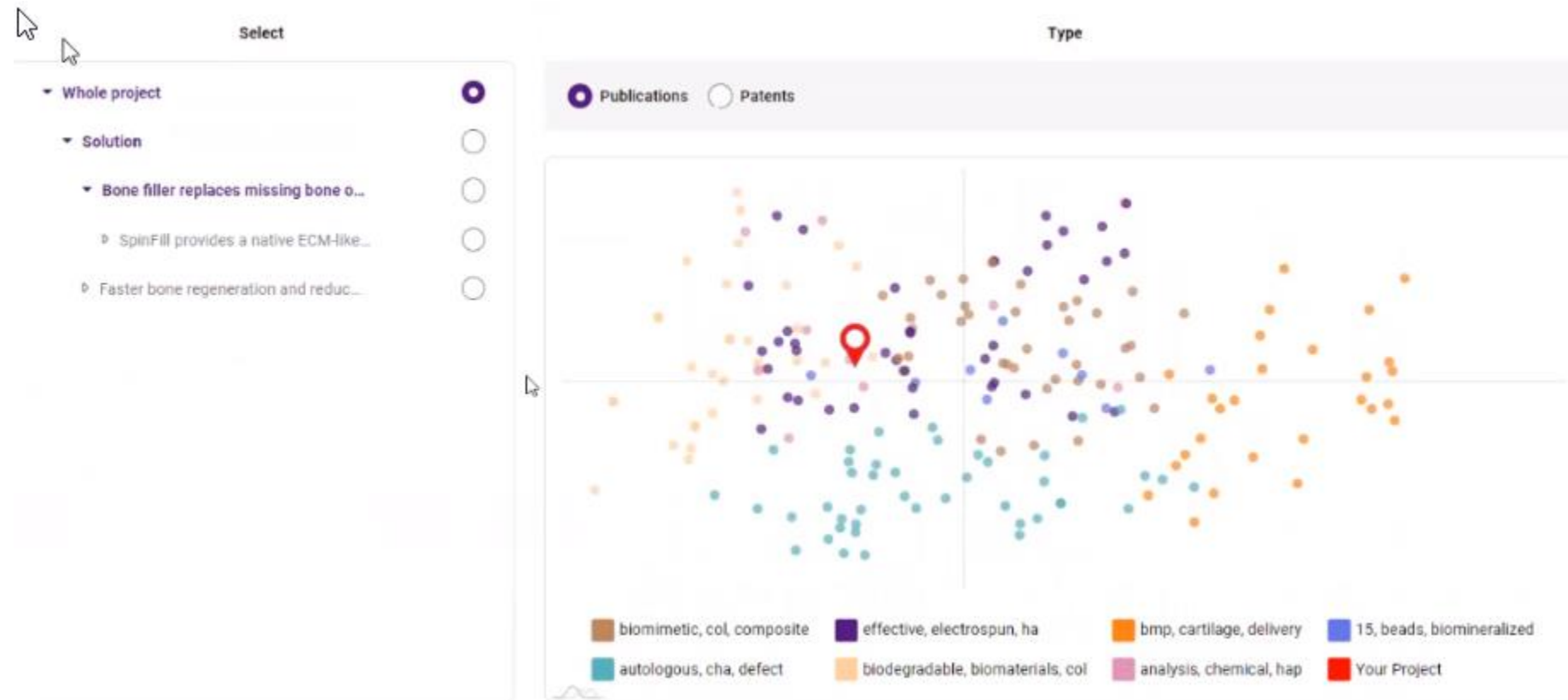
- New AI functionalities for remote experts:
 - Markets/Submarkets linked to the project





EIC Accelerator – Recent and on-going developments

- New AI functionalities for remote experts:
 - Closest patents and scientific publications





EIC Accelerator – Recent and on-going developments

- Update of the Evaluation criteria for Short and Full proposals.
 - **Short proposals** submitted prior to the official publication of the EIC Work Programme 2022 will continue to be assessed by evaluators under the evaluation criteria of 2021. This does not prevent their progression to next step of the evaluation (i.e. full proposal step).
**The submission of short proposals were blocked for applicants for about 4 days to enable remote experts to finish their on-going evaluations and not mixed criteria between the 2 WP.*
 - Applicants who have submitted **full proposals** since the last cut-off (06/10/2021, 17:00:00 Brussels Time) until the date of publication of the EIC Work Programme 2022 are required to resubmit their proposal in order to be considered as part of the upcoming cut off. Applicants who fall under this category will be contacted by the EIC Accelerator Team to explain the specific action to take.

EIC Info Day 2022

EIC Investments

Stephane Ouaki

Head of Department, EIC

European
Innovation
Council

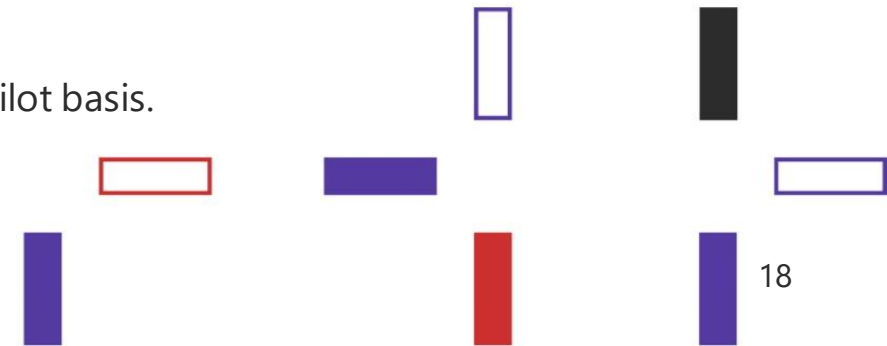




EIC Accelerator equity funding

- The EIC invests at **early stage** (seed, start-up, scale-up) from **€0.5 to 15 million*** in the form of equity or quasi-equity.
- Intended to finance **market deployment and scale up**.
- **Crowding in** of co-investments and follow-up investments in EIC funded companies of **3-5 times the level of EIC funding**
- The EIC may reserve **follow-on capital** to invest in subsequent series.
- The EIC invests across **all technologies and verticals**, across **all EU countries** (and associated countries).
- The EIC provides **patient capital** (investments will normally be made with a long average perspective (7-10 years) with a maximum of 15 years).
- The EIC 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.

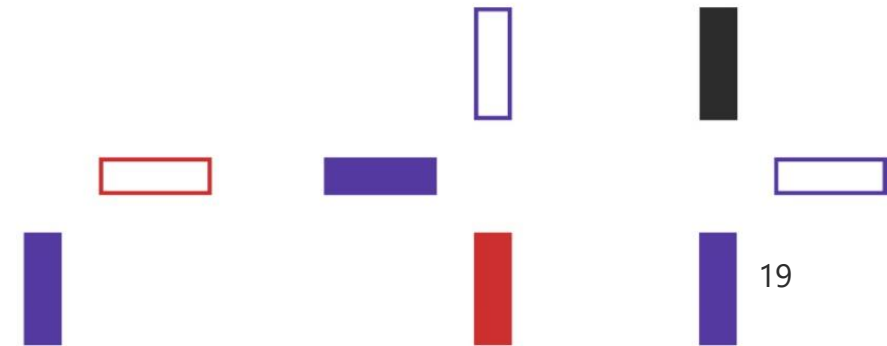
* A more than EUR 15 million investment request is allowed in duly justified cases in 2022 on a pilot basis.





The EIC Fund today

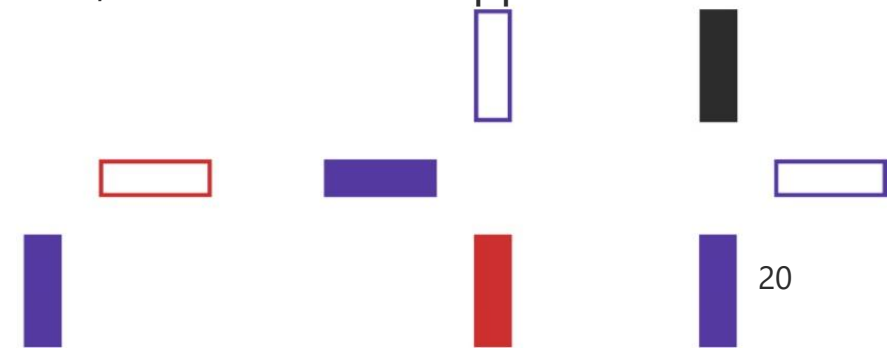
- The EIC Fund **is a venture capital fund**: Reserved Alternative Investment Fund (RAIF), a **flexible instrument** with possibility for multiple **compartments** (H2020, Horizon Europe...).
- The **European Commission** is the **shareholder**.
- It was **established in June 2020** under direct management by the Commission.
- The **European Investment Bank (EIB)** is the **investment adviser**.
- Since its incorporation, the EIC Fund has **approved 141 deals** (EUR 637 million) and **signed 77 investment agreements** (EUR 381 million).





Some lessons learned

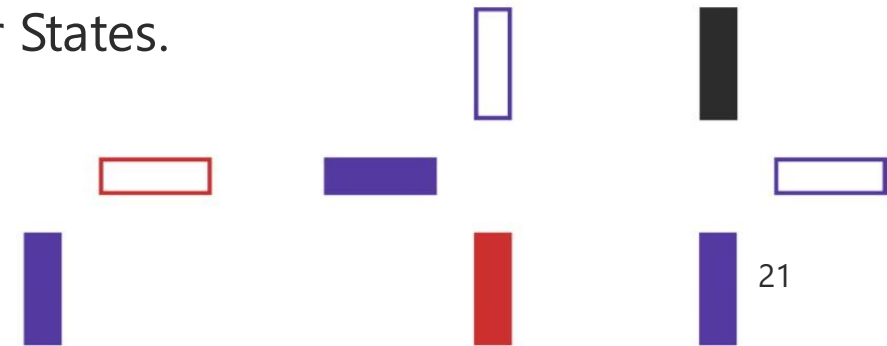
- Approximately **70% of the companies selected require bespoke quasi-equity** funding which aims to support the proposed investment projects while at the same time extending the window of opportunity to seek and find potential private investors.
- For the remaining 30% of the companies, **co-investments can be executed at the terms defined by various types of private investors** (corporates, funds, private offices etc.)
- Co-investment interest in the EIC portfolio companies is **not limited to VCs** but comes from a variety of players such as corporates, NPIs, institutional investors and international investors.
- In order for the EIC to deliver its policy objectives (impact, additionality, market leverage) and considering the number and variety of companies, geographies and sectors, the investment approach needs good level of **resources and flexibility**.





Novelties: background

- The Commission needs to **adapt** the structure and management of the **EIC Fund**
 - to the **Horizon Europe regulation (indirect management)**;
 - to **draw the lessons from the pilot** phase (2019-2020);
 - to make the Fund **sustainable** for the number and amounts of investments expected in the period 2021-27.
- The Commission is determining the implementation modalities to ensure the best model until 2027, enabling it to make investment decisions and provide attractive investment partners for Europe's high potential start-ups and to crowd in other investors.
- For **2022, a transition phase** has been agreed with the Member States.





Transition phase

- Applicable to **2021 and 2022 cut-offs**.
- The European Commission still “investor of record” – under “direct management” – but will appoint an **external alternative investment fund manager (AIFM)** to manage the EIC Fund.
- The AIFM **will make decisions** on investments, their structure and terms, follow-on investments and divestments, having regard to the EIC investment guidelines and to the recommendations of the EIB as investment adviser.
- The **EIB** will continue supporting the EIC Fund as investment adviser:
 - performing an **initial assessment** to determine the investment scenario (**bucket**), following the selection process managed by EISMEA;
 - **supporting the due diligence process and the monitoring and management** of the EIC portfolio of invested companies;
- **Legacy operations** under Horizon 2020 EIC Pilot would remain with the EIC Fund under a separate compartment handled also by the AIFM.



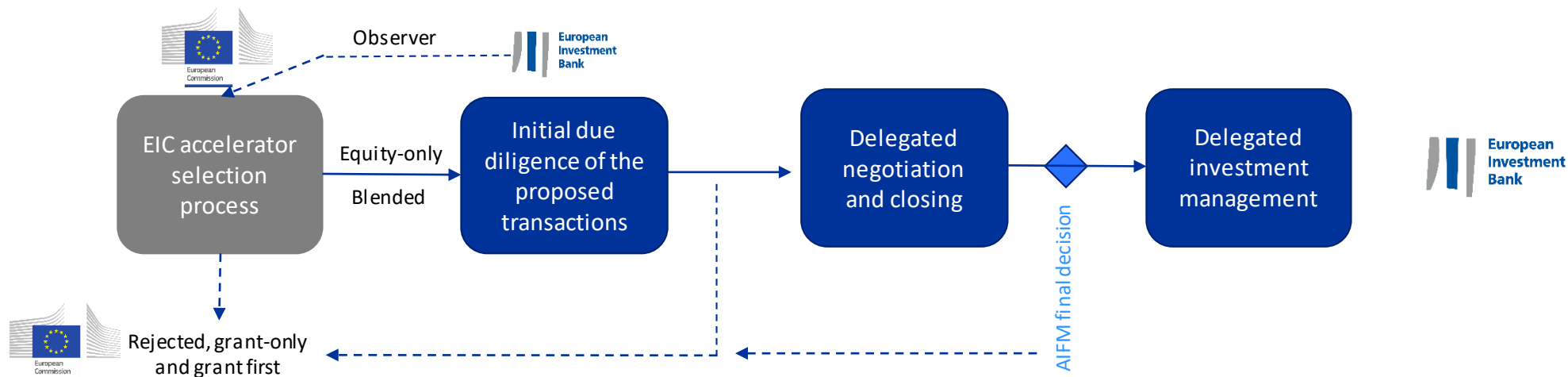
Implications

- **No impact on funding offered** by the EIC or on the **selection process**.
- The European Investment Bank (**EIB**) will **continue** as **investment adviser** performing the **due diligence** and preparing the **investment proposal**.
- An **external AIFM will make decisions**.
- **After 2022**, the EIC may work with other Investment Partners **in addition to the EIC Fund**.
- **EISMEA** will continue
 - conducting the **evaluation and selection** of proposals;
 - implementing the **grant** component;
 - performing **technological due diligence**;
 - ensuring **coordination** between grant and equity components, including liaising with all the Investment Partners;
 - ensuring a **single award decision**;
 - operating a **platform to animate the pipeline and find co-investors**.



Indicative approach for the transition period

SELECTION INITIAL ASSESSMENT DD, STRUCTURING & CLOSING MONITORING INVESTMENT ADVISOR



- The selection process would follow the approach currently adopted for the EIC Accelerator program
- Proposals pre-approved for equity-only or blended finance would be transferred to the EIB for further due diligence

- EIB would carry out and coordinate due diligence on the candidates to confirm basic principles of investability, accuracy of representations, market potential, capacity, KYC (AD) etc.
- EIB will present an investment summary/proposal to the EIC Fund

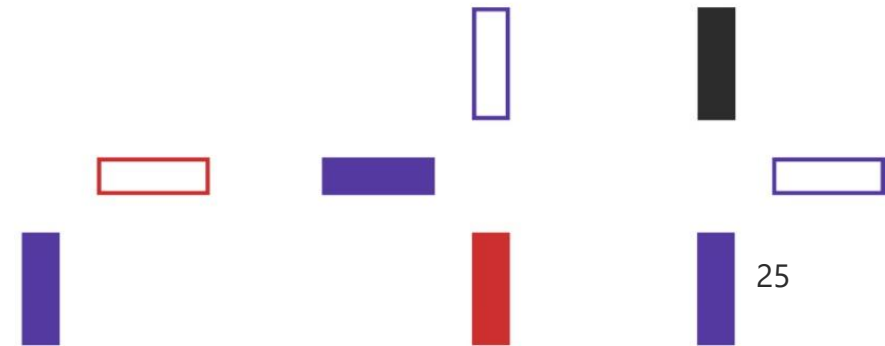
- The selected private fund will be entrusted with DD, structuring and closing in line with the Fund's investment guidelines
- EIB will be entrusted with DD, structuring and closing in line with the Fund's investment guidelines (final AIFM approval required)

- The selected private fund will be entrusted with monitoring and investment management of the transactions in line with the Fund's investment guidelines.
- EIB will be entrusted with monitoring and investment management of the transactions in line with the Fund's investment guidelines.



Due diligence

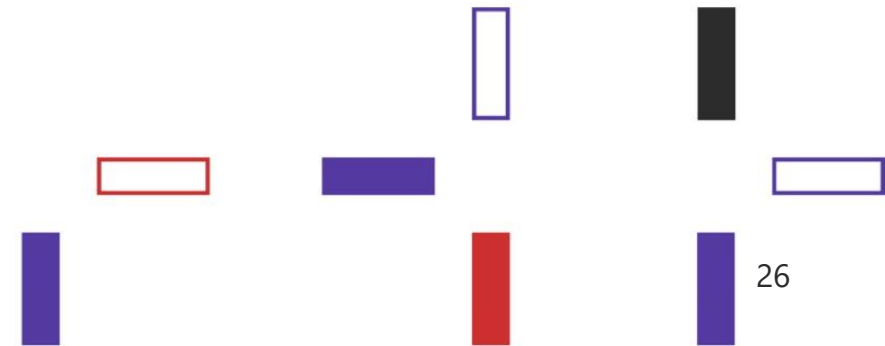
- The European Investment Bank (EIB) performs exhaustive due diligence and prepares the investment proposal:
 - Risk assessment, compliance and KYC
 - Product and technology
 - Market and competition
 - Commercialization strategy
 - Business plan and financial projections
 - Management
 - Board and governance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





Novelties

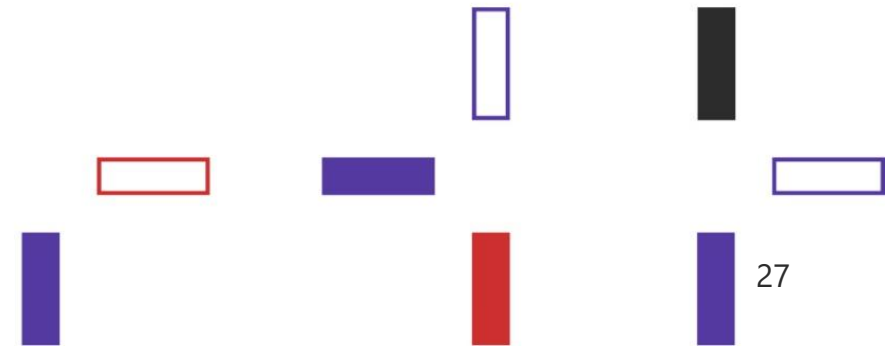
- New EIC Investment Guidelines introduce **more flexibility** in instruments & conditions (for EIC Fund):
 - in **use of quasi-equity**;
 - in **maturity** of convertible instruments;
 - in **matching** requirement that **only** applies to **equity**;
 - in **definition of “qualified investor”** (definition is broadened).
- Aim is to publish the revised Investment Guidelines in February





Other novelties

- A more than EUR 15 million investment request is allowed in duly justified cases for:
 - proposals in technologies that are strategic for the Union;
 - where there is a global competition; and
 - where the funding needs significantly exceed what is available in Europe
- In a pilot phase in 2022, projects with a more than EUR 15 million investment request
 - cannot represent more than 15% of the budget over the year and
 - will be submitted to the EIC / EIE Programme Committee for opinion.





Co-investment support for EIC companies: hands-on venture building offered to every company

1 Venture Building

- **EIC** works with startups on building a solid narrative starting from content- and strategy-heavy topics including validated market size estimates, competitive landscapes, pricing explanations and go-to-market plans.

2 Networking

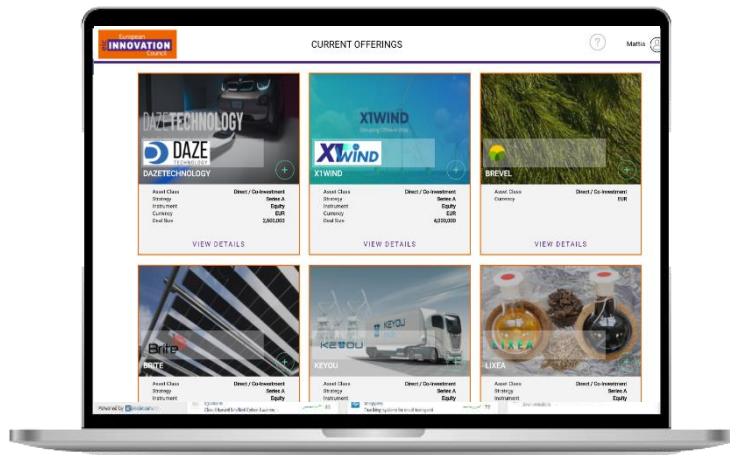
- We then support the companies with becoming investor ready by helping them create their **Investor Materials and preparing them for the Fundraising Process and Networking.**

3 Fundraising

- In addition to tailored support for every individual portfolio company, we are also hosting several events for startups, investors and corporates to exchange ideas and close deals.
- This includes **e-pitching events** with angels, venture capital investors and corporates.
- We help the EIC portfolio companies to develop and execute a **comprehensive fundraising strategy**
- Specifically, startups can tap into and access the **rich investor network** and benefit from **personal introductions** facilitated by our Investment Managers and the **EIC co-investment platform.**

Co-investment support

- EIC co-investor portal aimed to facilitate investor introductions (AtomInvest)



800+
Investors
Registered

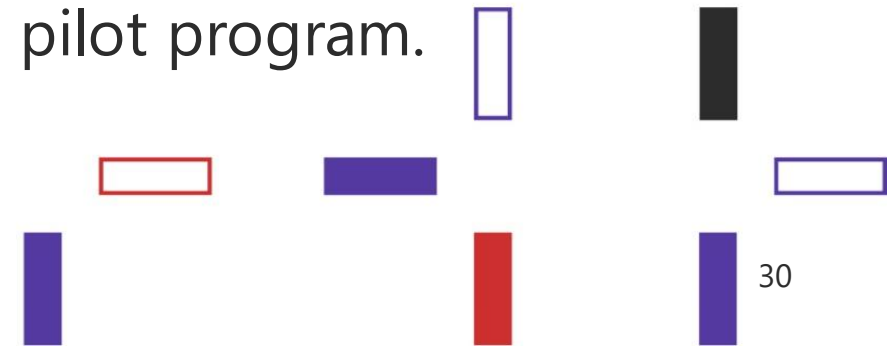
140+
Companies listed

Register as an Investor
[Survey.eicfund.eu](https://survey.eicfund.eu)



Tentative timeline for the transition phase

- EIC Fund resuming operations in Q2 2022 following
 - Restructuring of EIC Fund
 - selection of an external AIFM for the EIC Fund;
 - extension of EIB advisory agreement;
 - development of new investment guidelines.
 - Requires a Commission Decision (in preparation).
 - EIB continues to manage the transactions under the pilot program.





Thank you!

@EUeic

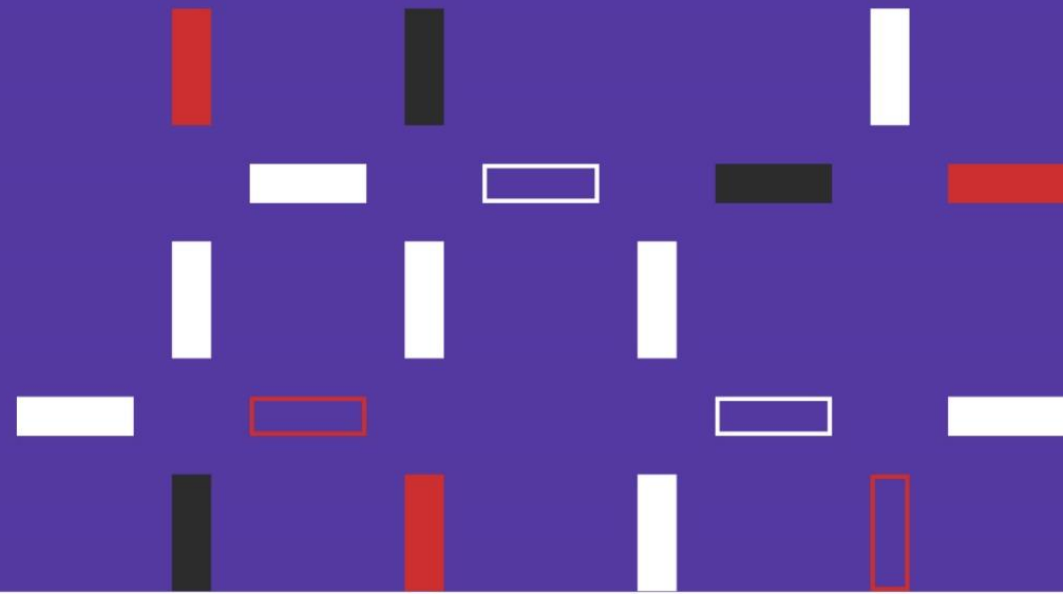
#Eueic

<https://eic.ec.europa.eu>

© European Union, 2021

Reuse of this document is allowed, provided appropriate credit is given and any changes are indicated (Creative Commons Attribution 4.0 International license). For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

All images © European Union, unless otherwise stated. Image sources: ©Tom Merton/Caia Image, #315243588; ©REDPIXEL, #220695664; ©Halfpoint, #180578699; ©bnenin #213968072; ©MyMicrostock/Stocksy, #3094437622021. Source: Stock.Adobe.com. Icons © Flaticon – all rights reserved.





June 16/Oct 6 Cut-off Companies by Sector

