

SME Instrument => EIC
(European Innovation Council)
EU-support for top class innovators,
entrepreneurs and small companies

SME Instrument (2014-2019)

- aims at **highly innovative SMEs with a clear commercial ambition** and a potential for high growth and internationalization (**breakthrough innovation**)
- **Phase 1:** Lump sum (50.000 Euro) for feasibility studies
- **Phase 2:** grants for an innovations project's main phase (demonstration, prototyping, testing, application development), range of 500.000 and 2,5 million Euro (70%)
- **Phase 3:** support measures for commercialisation and mentoring; no direct funding
- Innovation and Business Development Coaching is offered in parallel throughout phases 1 and 2 to help SMEs
- Evaluation four times a year, single SMEs can apply

European Innovation council (EIC)

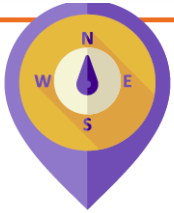
Pilot project to support „Bottom-up“ ideas (3 bn. EUR)

PATHFINDER – pilot project	ACCELERATOR – pilot project
<p>845 mio. EUR ca. 250 projects</p>	<p>2.1 bn. EUR ca. 2.900 projects</p>
<p>FET OPEN + FET Proactive Future and Emerging Technologies (*financial assistance = grant)</p>	<p>SME-Instrument Phase 2 / Fast Track to Innovation (FTI) (*financial assistance = grant) OR blended finance (*financial assistance + capital)</p>
<p>Visionary ideas for developing breakthrough and innovative technologies</p>	<p>Fundamentally new ideas with high risk, but which are commercially viable and expandable</p>
<p>Coaching-, Mentoring and Business Acceleration Services für all participating SMEs</p>	
<p>EIC „Horizon“-Prices und funding mechanisms 50 Mio. EUR</p>	

European Innovation Council (EIC) – 1st and 2nd phase

- Start of the first phase of the EIC pilot in 2018 with its own work program, which built upon established EU innovation support instruments
- Broad range from innovative technology research to market-oriented project funding (*FET Open, SME-Instrument, Fast Track to Innovation, Horizon Prizes, e.g. for innovative batteries for electric vehicles*).
- Start of the second phase of the EIC Pilot in March 2019 with a modified working programme
- Introduction of the **Pilot Pathfinder** to fund high-risk visionary technology projects
- Introduction of the **Pilot Accelerator** (SME-Instrument) with a blended financing option
- Appointment of an **EIC Advisory Board** (EIC board of 15 to 20 experts) to assist the European Commission in shaping the innovation support of the European Innovation Council (EIC) and to develop strategies in the framework of "Horizon Europe"
- Recruitment of the first EIC Programme Managers with expertise in new technologies to monitor funded projects

• PATHFINDER vs. ACCELERATOR



PATHFINDER: Researchers, technologists

- ▶ For radically new technologies emerging from collaborative research
- ▶ Grant funding of up to €4 million (100% of costs)
- ▶ From proof of concept to demonstration of commercial viability
- ▶ Access to EIC coaching and mentoring services
- ▶ Majority of funding is open (no predefined themes). Strategic breakthrough technologies are also supported (challenge-based)



ACCELERATOR: Start-ups, SMEs and entrepreneurs

- ▶ For development and scaling up of high risk innovations by startups and SMEs
- ▶ Grant funding of up to €2.5 million (70% of costs)
- ▶ Option of equity investment of up to €15 million
- ▶ Access to EIC coaching and mentoring services, pitches with corporates, VCs, etc
- ▶ All funding is open (no predefined thematic areas)

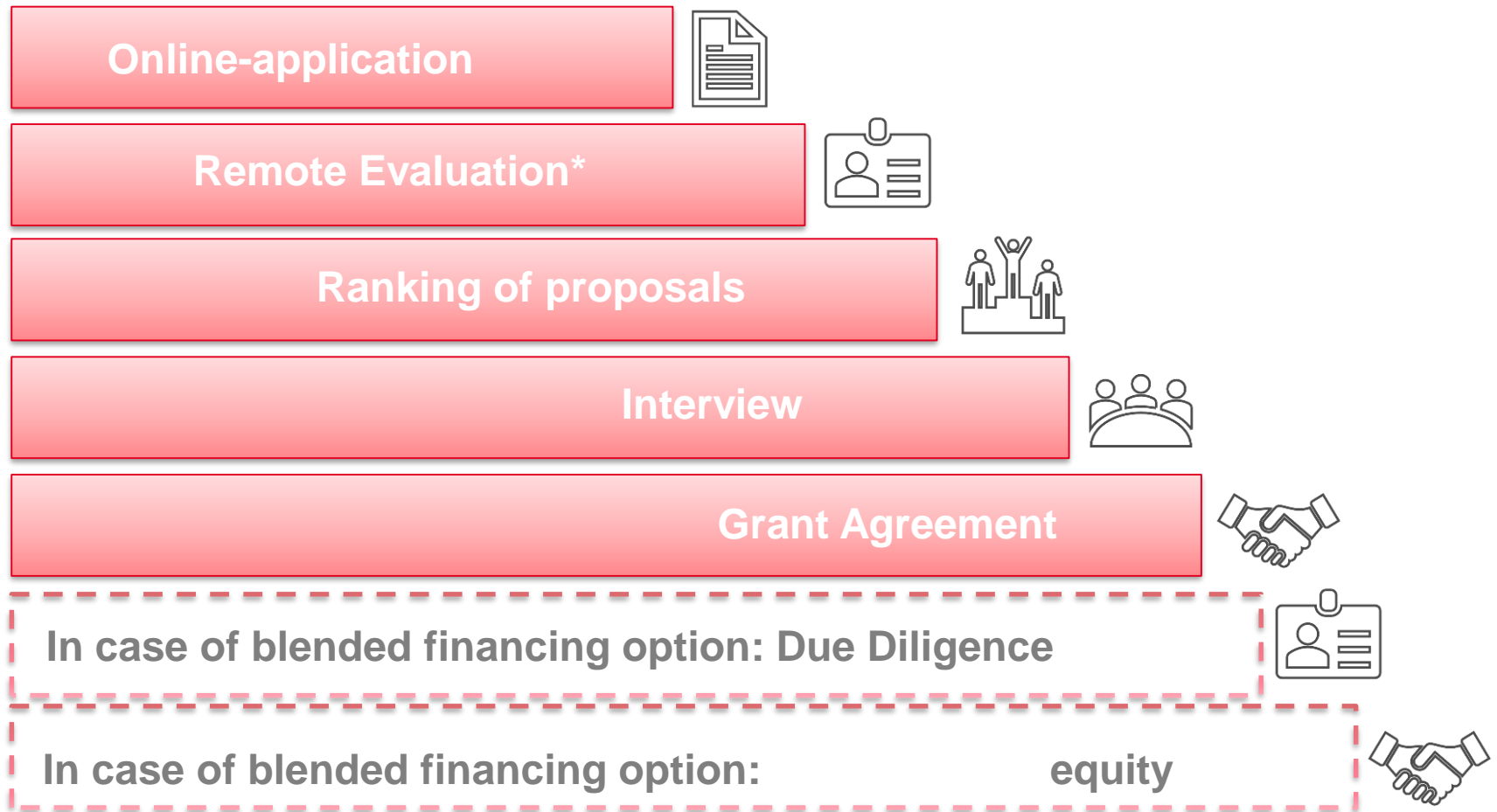
ACCELERATOR – pilot: main changes (2018-2019)

- Phase 1 SME instrument will be closed, deadline for last submission of applications is **5 September 2019** (lump sum 50.000 EUR)
- A new financing option, the equity component, will be integrated into the current Phase 2 SME Instrument (EIC Accelerator) from 9 October 2019
- Total substantive support of up to € 17.5 million (€ 2.5 million in grant + € 15 million in capital)
- From 9 October 2019, only one company can apply for Phase 2 / EIC Accelerator (no consortia!)

ACCELERATOR – pilot: main features

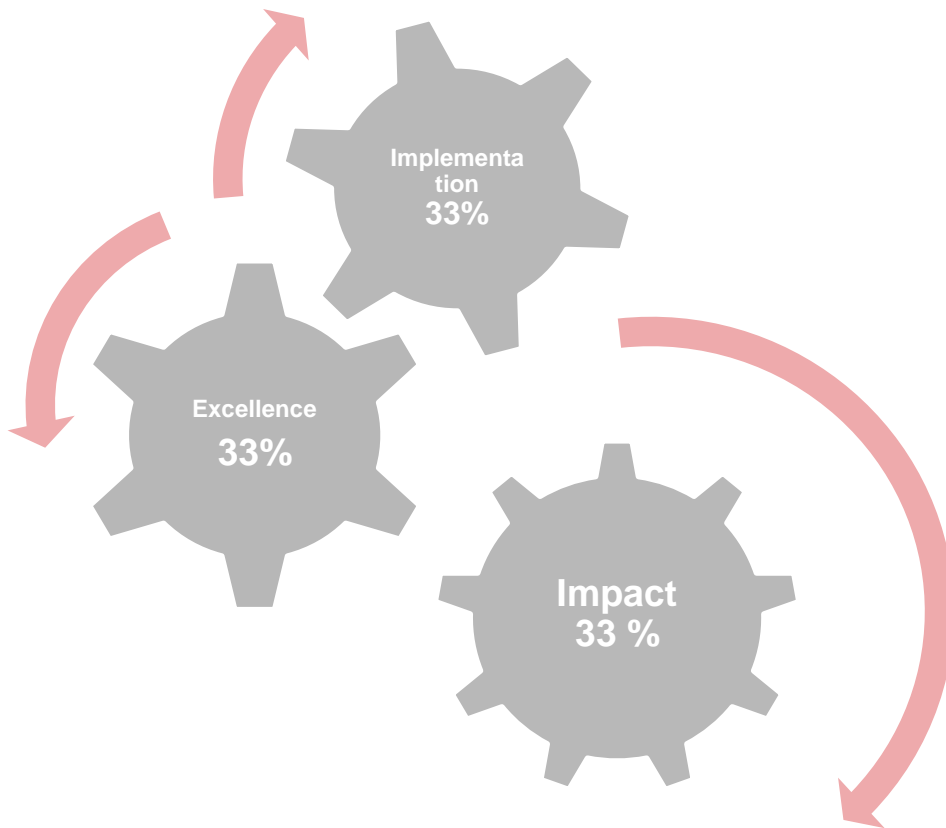
- **Individual high-risk SMEs with high growth and market potential** focused on creating new markets
From early stages of commercial use to market development and large-scale expansion (TRL 6 or higher)
- Bottom-up approach: Companies from all sectors, with new **products, processes, services** or **new market applications / business models**
- **Substantial financing** for the last development phases:
- **Financial support / grant**
 - 0,5 - 2,5 Mio. EUR (funding rate: 70% of the project volume)
- **With option for capital (blended financing)**
 - up to 15 Mio. EUR
- Project duration: **12 to 24 months**

ACCELERATOR pilot: application process



* Schwellenwert: 13 von 15 Punkten je Evaluierungs-Kriterium in der Stufe 1 / Note ‚A‘ beim Interview in der Stufe 2

ACCELERATOR-Pilot: Evaluation criteria



- Two-stage process
- Three potential results:
 - „GO“ – Decision incl. grant and / or venture capital component or decision „Switch to mixed financing“
 - „NO GO“ – Decision
 - Venture capital component requires Due-Diligence-check through SPV*
- **Time-to-inform:** 3 months
- **Time-to-grant:**
 - grant: 6 months
 - Equity: + 3 months

* SPV = Special Purpose Vehicle

ACCELERATOR-Pilot: Due Diligence for blended financing



- ✓ Only for projects where mixed funding has been requested
- ✓ Done through a Special Purpose Vehicle (SPV)
- ✓ The due diligence focuses primarily on the assessment of legal compliance and risk levels, but also on:
 - The confirmation of the amount and structure of the investment
 - The estimate of the total financial burden
 - The definition of the "capital tranches" and the decisive milestones

ACCELERATOR – pilot: venture capital

In the context of mixed financing

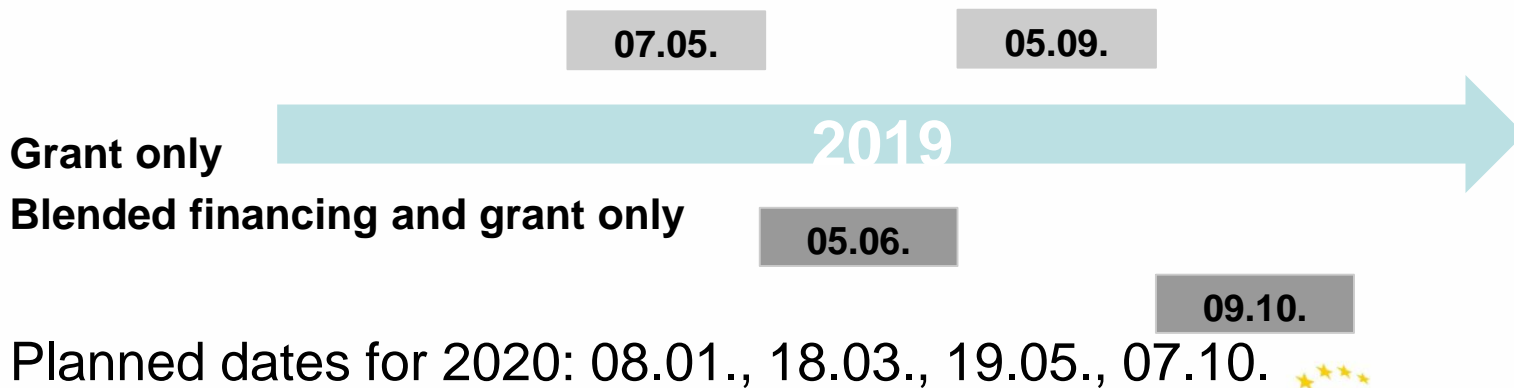
- Principle of **crowding-in** of private investment
- Structured by means of **separate agreements** (in addition to the Grant Agreement)
- **Passive role** in the day-to-day business of the company
- **Exit strategy**: when the company agrees, the SPV actively seeks private investors to buy the equity shares

ACCELERATOR-Pilot: submission and cut-off dates

- **submission:**
 - 4 Cut-off dates per year
 - Only one application or one ongoing project per company is allowed at the same time. Phase 1 expires on 05.09.2019.
 - Re-submission possible
 - Ranking and selection for funding after cut-off dates

Cut-off dates:

Phase 1



ACCELERATOR – pilot: Business Acceleration Services

- Accompanying **Business Coaching for SMEs**
 - ✓ Up to max. 12 days per project
 - ✓ is granted in addition to the funding,
Costs are taken over by European Commission
 - ✓ Content of Coaching: Business Development, Organisation Development, International Cooperation and Financing
 - ✓ Coaching process is supported by local Enterprise Europe Network partners
- **Mentoring services** for individual founders, CEOs and Executives
- **EIC-Platform** for communities
- **EIC Network events** such as EIC Corporate Days, Partnering Events etc.

Contact us

Visit een.ec.europa.eu
to find the Network near you



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Further information:

<https://ec.europa.eu/easme/en/eic-accelerator-sme-instrument>