

CAB GABRIEL/3

Brief bilateral meeting with [REDACTED]

Board member [REDACTED] of Siemens AG and of AP Moller Maersk

**11 December 8:50-8:45, Covent Garden building,
room 25/SDR2 – next to Nowotny Auditorium**

Scene setter

The Horizon Europe foresees that the European Innovation Council will have a powerful Advisory Board as its main governance structure to set strategy, advise on the work programme and all EIC activities, and provide broader policy recommendations.

In the current pilot phase, an EIC pilot Advisory Board has been established as an expert group to anticipate the future full Advisory Board, oversee the pilot EIC activities and advise on the 1st EIC work programme under Horizon Europe. The pilot Board's 22 members were appointed in July and had their first meeting in September linked to the R&I Days.

[REDACTED] was one of the original 15 members of the High Level Group of Innovators that advised the Commission on the establishment of the first European Innovation Council pilot. As one of Europe's foremost industrialists [REDACTED] has been selected to be one of the 22 high level experts taking part in the EIC pilot Advisory Board and providing strategic advice to the European Commission.

In the context of the second meeting of the EIC pilot Advisory Board on 11 December 2019, you will have a short bilateral with [REDACTED] immediately after your welcome address to the Board.

Objectives

- Underline the importance of building connections between innovative SMEs and start-ups, particularly those receiving funding under the EIC, and large corporates.
- Point out large corporates can largely benefit from increased collaboration with innovative SMEs and start-ups, learning about new business models and increasing their competitiveness on a global scale.
- Stress bold innovators can help bring about the necessary technological change that key European industries need in light of increased competition from America, China and other jurisdictions.
- Indicate the EIC is ready to boost cooperation between innovative SMEs/start-ups and large industrial corporates, most notably through its Business Acceleration Services and dedicated activities (EIC Innovators' Summit).
- Determine in which particular ways could large corporates participate in the EIC and take a more active role in building a European innovation ecosystem comprising not only start-ups but also universities and research and technology organisations.

Line to take

- [REDACTED] two of the biggest European industrial conglomerates with business ties to crucial sectors such as transport and energy, [REDACTED] can help strengthen the ties between the EIC and Europe's largest industrial corporates.
- The EIC can act as a facilitator for increased collaboration between innovative SMEs and start-ups and large European companies, as well as for the diversification of the innovation ecosystem and key industrial sector.
- By embracing open innovation and working in tandem SME/start-ups and large industrial corporates can develop new sustainable business models, therefore increasing their competitiveness in the global stage and bring about innovative solutions for the benefits of citizens.
- Building a European innovation ecosystem encompassing both corporates and start-ups alike is mutually beneficial: start-ups learn how to scale and the corporates get inspired and can develop fresh ideas.
- By exchanging experiences through open innovation, large corporates and small and medium enterprises streamline their business model and become more competitive in the global market place
- European collaboration offers leverage through diversity and knowledge transfer, building a more sustainable innovation ecosystem for a Europe embracing digitisation and breakthrough innovation.
- Although a European innovation ecosystem is best conceived as open to the world, single market rules must be respected.

Defensive points

Why yet another funding body for start-ups and innovative SMEs?

- Smart public policy and relevant funding means are urgently needed to maximise the opportunities and tackle the existing barriers (fragmented VC market; risk aversion for disruptive science and innovation; market scale ; ...) which are not addressed yet by any other institution. There is urgency as we expect a deep-tech revolution - heavily relying on science and engineering. Europe has the talent, motivation and resources to lead the world in the next generation of breakthrough / market creating and disruptive innovations and the EIC is set to become a valuable partner in providing the suitable instruments and ecosystem.

What is the purpose of the (enhanced) EIC pilot?

- The EIC will focus on detecting, nurturing, supporting and scaling-up breakthrough market-creating and disruptive innovation, from the idea ("Pathfinder" scheme) down to market deployment and scale-up ("Accelerator" scheme). The EIC will be at the heart of the Innovation pillar of the forthcoming Horizon Europe – the EU Framework for Research and Innovation (2021-2027).

Who will get what and why?

- The EIC Pathfinder will provide grants to high-risk cutting-edge projects, implemented by consortia exploring new territories aiming at developing radical and innovative technologies. The EIC Accelerator will provide single start-ups or SMEs carrying out disruptive innovation that are still too risky to attract private investments with the necessary means to scale up through a mix of grant and finance (notably equity support). Its ultimate objective is to incentivise and attract subsequently (and ideally immediately) co-investments from private (or other public) investments.

Why is it the enhanced EIC pilot now and how is it different?

- Building on the recommendations of a High-Level Group of Innovators appointed by Commissioner Moedas and chaired by [REDACTED], the enhanced EIC will be the unique place where inventors meet innovators, and investors. It will act as a one-stop shop and operate on an innovator-centric basis: whilst specific objectives may be identified and implemented via top-down calls (“challenges”), a continuously open bottom-up competitive call will allow any innovation in any area or field to be proposed. Its two main instruments (Pathfinder and Accelerator) will be interconnected.

Background notes

Horizon Europe

Research and innovation is a key driver of productivity and sustainable economic growth, and will be essential for addressing the major societal challenges of our time and achieving the sustainable development goals of the UN Agenda 2030. Investing in R&I can also help boost economic convergence, resilience and adjustment capacity, which are important in the euro area. Focusing research and innovation on the ecological, social and economic transitions and related societal challenges is therefore paramount. However, Europe currently underinvests in R&I, in particular the business sector, and while the scientific and technological performance of the EU is rather strong, the EU performs less well when it comes to exploiting research results and developing innovations.

Based on this and on the demonstrated strong EU added value of Horizon 2020 the Commission has proposed in the next Multiannual Financial Framework to expand the proposed budget for the next research programme Horizon Europe to 100 billion.

Horizon Europe is centred around excellent science, global challenges and competitiveness, innovation, and widening participation and strengthening the European Research Area. The programme builds on the success of Horizon 2020 and improves it further, namely by fostering stronger support to breakthrough innovation through the EIC, by creating more impact through R&I missions, and by streamlining the R&I partnerships landscape.

European missions will focus on ambitious but time-bound and achievable goals to deliver on common European goods (adapting to climate change; cancer; healthy oceans, seas, coastal and inland waters; smart, climate-neutral cities; and soil health and food). The five mission areas do not only concern Horizon Europe, but all the other MFF programmes, as well as national and regional programmes.

European Partnerships will ensure cooperation between public and private actors to create the critical mass to respond to the needs of all Member States and stakeholders (citizens, industry including SMEs, civil society) in line with agreed EU strategic priorities.

European Innovation Council aims to put Europe on top of the next wave of breakthrough, market-creating innovation at the intersection of digital/artificial intelligence and deep tech. It will be the one-stop shop for innovation to enable more innovators to bring breakthrough technologies to the market and to support small businesses to innovate on the larger scale.

The redesigned pillar structure of Horizon Europe will move away for a silo-based approach to an impact-based approach that cuts across disciplines and silos for better impact. It will reinforce the internal coherence of the different parts of the programme to achieve programme-level objectives.

The Commission started to prepare the implementation of Horizon Europe on the basis of the partial agreements reached between Council and Parliament in March/April. The first step is to elaborate a Strategic Plan for the first 4 years of implementation.

For this, the Commission engaged Member States already in May in a co-design process, and launched in June a web based consultation opened to all stakeholders and citizens and based on an 'Orientations' document. The consultation was followed by a major public event: the European Research and Innovation Days, organised in Brussels between 24 and 26 September 2019. There were more than 100 conference sessions where 4000 participants engaged in in-depth debates and provided numerous inputs on how to steer and implement the first four years of Horizon Europe.

The Strategic Plan will notably define the impacts to be targeted through R&I actions under Horizon Europe from 2021 onwards, and will highlight how Horizon Europe will contribute to European policy priorities, address societal challenges, and add value for citizens, business etc. all over Europe and beyond.

Budget, synergies and international cooperation remain the three main areas of Horizon Europe open for negotiation with the European Parliament and the Council.

European Innovation Council

Europe needs to capitalise on its science and start-ups to compete in global markets increasingly defined by new technologies. That is why the European Commission has launched the European Innovation Council (EIC) as a flagship initiative aimed at supporting the most talented European innovators in the fast and effective scaling-up of breakthrough, disruptive innovation.

Currently in its pilot phase, the EIC is part of the Innovative Europe pillar within Horizon Europe. The proposal for the next EU Framework Programme for research and innovation has earmarked €10 billion for the EIC.

The EIC is a one-stop-shop for innovators, providing support from the idea to the market. The EIC therefore covers the two key dimensions of the innovation process: the early advanced research and the commercialisation and scale-up phase.

To cover both the upstream and the downstream dimension of the innovation chain, the EIC has fielded two instruments: the EIC Pathfinder and the EIC Accelerator.

- (1) The EIC Pathfinder pilot targets high-risk cutting edge projects exploring new territories aiming at developing radical and innovative technologies. It encompasses FET-Open and FET-Proactive. FET-Open uses interdisciplinary collaboration to tap into Europe's excellent science base for exploring radically new technologies, which may become the game-changers of the future. FET-Proactive aims to identify the future and emerging technological paradigms with highest potential for Europe's economy and society.
- (2) The EIC Accelerator pilot aims at creating and promoting co-investment by initiating support where market response is absent and/ or insufficient. It encompasses the SME Instrument and an optional blended finance component (combining grant and equity). The EIC Accelerator pilot (SME Instrument) addresses SMEs with a radically new highly risky, and thus, non-bankable idea underpinned by a business plan for rolling out marketable innovation solutions and with a potential to scale up. Bankable, commercially viable projects and projects that are ready or already in the scale-up phase will be redirected towards dedicated financial instruments.

The latest cut-off date for an EIC Accelerator call was 9 October 2019. This call was the first to feature options for grant only and blended finance support, and enabling for the request of initial grant support with the possibility for a counter offer by the Commission offering blended finance support. An analysis of the total number of proposals submitted (1850) indicates that:

- the total amount of requested financial support is around €5.2 billion, out of which:
 - €2.83 billion for blended finance (54.6%), out of which:
 - 2/3 for Equity (66.9%, representing €1.899 billion)
 - 1/3 for grant (33.1%, representing €0.939 billion)
 - €2.36 billion for grant only (45.4%), out of which:
 - more than 2/3 allowing the possibility to receive a counter offer from the Commission (68.6%, i.e. €1.62 billion)
 - less than 1/3 not allowing the possibility of a counter offer from the Commission (31.4%, i.e. representing €0.74 billion)
- the average requested financial support by project is:
 - for blended finance: €5.8 million
 - for grant only: €1.73 million

Other activities under the EIC pilot phase include:

- FTI will continue to target industry-driven consortia seeking a quick market uptake of new solutions, and brings together actors with complementary backgrounds, knowledge and skills.
- EIC Horizon Prizes will continue to boost breakthrough innovation by fostering solutions to challenges, which bring major benefits to society

Implementation of EIC pilot

The Work Programme covers 2018, 2019 and 2020. The aim is to boost processes by bringing in top-minds with a sense of urgency and a commitment to making an impact. Work on a revised Work Programme for the year 2020 has already started, aiming at introducing new elements to align the EIC with the political priorities of the new Commission.

In addition, a new approach to programme/ projects management will be run by programme managers, possibly entailing a portfolio approach, in particular under the EIC Pathfinder pilot. The programme managers are currently being recruited and will be employed as temporary Commission staff.

Efforts continue to be made to help firms receiving grants access other forms and sources of finance appropriate to their scale-up and innovation development needs, such as crowdfunding, business angel investments, venture capital and loans via InnovFin and other EU access to finance solutions under the Investment Plan for Europe or COSME or the European Structural and Investment Funds.

EIC pilot Advisory Board

In June 2019 the Commission has appointed 22 exceptional innovators from the worlds of entrepreneurship, venture capital, science and technology to the European Innovation Council Advisory Board, which will provide strategic leadership to the EIC. The Board will oversee the roll out of the current pilot and lead the strategy and design of the EIC under Horizon Europe.

In particular, the EIC Pilot Advisory Board was set up:

- To help identify possible regulatory barriers faced by innovators under the EIC funding activities;
- To advise on potential solutions to overcome barriers;
- To publicly present the work they undertake for the EIC task force to a wider public as well as to expert audiences. For example, this could include presentations on how supporting breakthrough and disruptive innovation on the European level will improve the attractiveness of the entire European ecosystem for investment;
- To interact with already existing initiatives at supranational, national and regional level for supporting disruptive innovation, in particular those managed by the European Institute for Innovation and Technology (EIT) and the EIB Group (EIB and EIF) and relevant aspects of the European Research Council.

Members of EIC Advisory Board

- Mark Ferguson, Entrepreneur, Science Foundation Ireland (Chair)
- Herman Hauser, Co-founder of Amadeus Capital Partners (Vice-chair)
- Kerstin Bock, CEO of Openers
- Jo Bury, Managing Director of Flanders Institute of Biotechnology
- Dermot Diamond, Principal Investigator: INSIGHT Centre for Data Analytics, Dublin City University
- Laura González Estéfani, Founder and CEO at TheVentureCity
- Jim Hagemann Snabe, Chair Siemens AG, Chair A P Moller Maersk A/S
- Ingmar Hoerr, Co-founder and CEO of CureVac
- Fredrik Horstedt, Vice president of utilisation Chalmers University of Technology

- Heidi Kakko, Partner of BaltCap Growth Fund
- Bindi Karia, European Innovation Expert + Advisor, Connector of People and Businesses
- Anita Krohn Traaseth, Former CEO Innovation Norway
- Jerzy M. Langer, Physicist, Emeritus Professor at the Institute of Physics of the Polish Academy of Sciences
- Ana Maiques, Chief Executive Officer, Neuroelectronics
- Marja Makarow, Biochemistry/molecular biology, director of Biocenter Finland
- Valeria Nicolosi, Chair of Nanomaterials and Advanced Microscopy
- Carlos Oliveira, Serial Entrepreneur, Innovator, Executive President of José Neves Foundation (Farfetch founder)
- Bruno Sportisse, Chair and CEO at INRIA
- Kinga Stanislawka, Managing Partner and Founder of Experior Venture Fund
- Roberto Verganti, Innovation academic, former RISE group
- Martin Villig, Co-founder of Bolt (formerly Taxify)
- Yousef Yousef, CEO of LG Sonic

Contact(s):

Main contact person:

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Annex I. Summary CV of [REDACTED]

