



Co-funded by the
European Union

Open Innovation Factory 2023

Cut-off 1 specific document



The information provided in this document is relevant to Cut-off 1 of the EIT Digital Open Innovation Factory 2023 programme.

Please refer to the main Open Innovation Factory 2023 document for the programme guidelines, requirements, and evaluation methodology.

The deadline for Cut-off 1 proposal submission is **May 15, 2023, at 5pm CEST (Brussels time)**. This is a fixed deadline, and no extensions will be granted.

Innovation Activities selected through this cut-off's evaluation process **start on July 1 and run for 6 months until December 31, 2023**.

The **maximum EIT Digital funding** that can be allocated per Innovation Activity proposal is **€400,000, while the overall budget for this cut-off is €2,5m**. Partners will need to justify the use of the Innovation Activity proposal budget, constituted by EIT Digital funding + activity partners' funding (co-funding), to support the activity's implementation and use of resources within the activity's time frame.

Eligibility Criteria:

A description of all the eligibility requirements that proposals must meet to pass the first step of the evaluation process and move on to the Review Gate.

Eligibility conditions
The venture to be boosted has been incorporated between 01/01/2019 and the submission date.
The proposal contains at least two partners and comprises at least two countries.
The applicants must be registered in an eligible country (see below for a list of eligible countries).
The proposal requests a maximum of €400,000 of EIT Digital funding.

The activity partners own contribution (co-funding) must be at least 50% of the activity's budget.
The venture to be boosted is not a subsidiary of another company or is not controlled by another company.
The venture to be boosted has outright ownership of a substantial majority of the product's IP to which the proposal applies.
The equity proposal to EIT Digital from the venture to be boosted is higher than 2%.

Eligible countries ¹ are the Member States (MS) of the European Union (EU) including their outermost regions².

It should be noted that:

- Participants from non-associated non-EU countries can take part in Horizon Europe actions — but not always with funding.
- Participants from other countries (i.e. countries that are neither EU Member States nor countries associated to Horizon Europe, nor countries listed [here](#)) are not automatically eligible for funding and therefore usually have to participate at their own cost.

EIT Digital Funding Criteria:

EIT Digital funding is delivered in four tranches over the course of 9-12 months from the start of the activity:

- The first tranche, amounting to 10% of EIT Digital funding, is disbursed at the activity's start once the contractual and partnership requirements are completed.

¹ For partners from the UK and Switzerland: Since the UK and Switzerland have not concluded association with Horizon Europe at the time of publication of this document, to partners from these countries we advise to connect with the relevant Regional Directors in order to confirm under which conditions they can participate to Innovation Factory 2023.

²https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/list-3rd-country-participation_horizon-euratom_en.pdf

- The second tranche, amounting to up to 25% of EIT Digital funding, is disbursed close to month 4, and in any case after an initial assessment of the activity performance is done as part of the EIT Digital continuous monitoring exercise.
- The third tranche, amounting to up to 25% of EIT Digital funding, is disbursed after the end of the activity timeframe, close to month 7 and in any case after activity cost reporting is complete and most significant performance reporting materials are submitted and approved by EIT Digital.
- The fourth and final tranche, amounting to up to 40% of EIT Digital funding, is disbursed between month 9 and 12 from the start of the activity and once the delivery has been evaluated. If the delivery is incomplete, the committed KPIs have not been achieved or the quality of the deliverables is substandard, penalties may apply on this final EIT Digital disbursement, affecting the total amount of EIT Digital funding.

The funding award depends on the association to HE rules status of the country in which the organisation is registered at the moment of the final award for the cut-off. This aspect will be discussed during the Due diligence calls, when relevant.

For every activity, the reimbursement amounts will always depend on the following:

- **Eligibility of costs**: for costs to be considered eligible and therefore reimbursable they must be incurred during the activity's 6-month timeframe.
- **Actual costs incurred at reporting**: if during the activity's timeframe fewer costs are incurred than the originally budgeted ones (underspending), EIT Digital will only be able to reimburse the eligible costs actually incurred and a penalty may apply to the disbursement of the next tranche.
- **Co-funding rate**:
 - **At proposal submission**: the co-funding rate (co-funding/total cost) cannot be lower than 50%, meaning that EIT Digital funding can at most equal the activity partners' co-funding. All things equal, proposals with higher co-funding rates will be considered more competitive.
 - **At reporting**: once the activity is selected, its co-funding rate will be used to correct any changes in the amounts of EIT Digital funding disbursable. If, for example, at reporting time the activity partners' budget is lower than the originally prospected budget, EIT Digital will correct its funding amount on the activity's co-funding rate and deliver reimbursements in the following tranches parametrized to the new amount. These corrections will not impact on the equity commitment for the EIT Digital sustainability.

It is **highly recommended** to design the Innovation Activity proposal with the **leanest and most cost-efficient approach**, using only the resources strictly needed to achieve the chosen objectives in the given timeframe.

Evaluation Scoring Details:

Below two tables identifying the questions that will be addressed at the Review Gate and MC Gate.

Table 1. Review Gate questions and minimum required scores.

	Question	Score range	Question minimum required score
Excellence	Is the activity building an innovative solution with demonstrable economic and societal impact for Europe?	1-10	4
	Is the proposed technology mature enough to address the business pain? Is timing right considering market, user, societal and/or technological trends and developments?	1-10	4
Impact	How does the venture position itself in the competitive landscape? How realistic and sound are the assumptions and estimations?	1-10	4
	Does the venture have high potential to succeed and scale? Is a launching customer committed to use the product?	1-10	4
	Does the venture have assets (IP assets ownership, freedom to operate, resources, etc.) to fuel its growth? How attractive is the venture likely to be to investors at the end of the activity?	1-10	4
	Are the venture's financial needs well assessed and realistic? Is there additional financial investment committed to the venture?	1-10	4

Implementation	How strong is the work plan (milestones, deliverables, way of working)? Are there ambitious intermediate milestones?	1-10	4
	Is the founder/s' and CxO's track record convincing? Is their seniority level, experience, and background appropriate for the venture's goals? Do the individual team members have strong commitment to the venture and clear accountability?	1-10	4
	Is the partner setup complementary and well positioned to add value to the venture?	1-10	4
Reviewer Gate minimum required score: 54/90			

Table 2. MC Gate questions and minimum required scores.

	Question	Score range	Question minimum required score
Financial Sustainability	Does the venture have the potential to provide value to the EIT Digital long-term sustainability?	1-10	5
	Is the equity proposed aligned with the expected EIT Digital range (2-15%)?	1-10	5
Strategic Alignment	Is there an alignment with the EIT Digital Strategic Innovation Agenda?	1-10	5
	How rooted is the solution in digital deep tech?	1-10	5
	Can the proposal be reconducted to one of the five Strategic Focus Areas as defined by EIT Digital?	1-10	5
	How well does the venture fit with the overall EIT Digital Equity Portfolio?	1-10	5
MC Gate minimum required score: 42/60			

Passing conditions: if each question's minimum required score is reached and each gate's minimum required score is reached, then the Innovation Activity proposal can move on to the next evaluation stage.

Note: The gates' minimum required scores are based on a higher scoring average per question than the minimum. For example, if two MC Gate questions score 5/10, for the Innovation Activity Proposal to pass the remaining four questions must cumulatively score at least 32 to reach the gate's minimum required score of 42. Therefore, it is insufficient for each question to receive the minimum required score alone for the Innovation Activity proposal to progress to the next stage.