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# Open Innovation Factory 2023

Join us in boosting entrepreneurship for a strong  
digital Europe



# Contents

- 1. Introduction ..... 1
- 2. Innovation Factory 2023 ..... 2
- 3. How to Participate ..... 4
- 4. Annexes ..... 4

## 1. Introduction

The **Open Innovation Factory 2023** program is looking for **world-class digital DeepTech Activities** developed by **corporates, research and technology organisations and/or universities, together with early-stage ventures** that have demonstrated market and investor traction and can leverage the program to boost their growth even further.

The Open Innovation Factory 2023 is launching on **March 31, 2023** and will accept proposals for the rest of the year. The work program of the Open Innovation Factory 2023 is guided by the [EIT Digital Strategic Innovation Agenda 2022-2024](#) (SIA), which identifies the five focus areas of the EIT Digital strategy: Digital Tech, Digital Industry, Digital Cities, Digital Wellbeing and Digital Finance. An overview is available on page 13 of the SIA (available on the intranet and on the EIT Digital website at this [link](#)). We welcome all proposals which are well aligned with these focus areas and, within these areas, further encourage proposals which implement **AI, cyber security and / or quantum computing technologies**.

## 2. Open Innovation Factory 2023

The EIT Digital Open Innovation Factory 2023 has the ambition to build a strong portfolio of **deep tech, IP focused early-stage ventures**.

The Open Innovation Factory 2023 program supports pan-European entrepreneurial teams from education, research, corporates and other business organizations in boosting early-stage digital DeepTech<sup>1</sup> ventures. We understand it is not easy to grow a DeepTech venture and our goal is to support teams all over Europe to succeed in their ambitions to bring to market new and disruptive innovations.

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<sup>1</sup> Deep technology or Deep Tech is a classification of an institution, an organisation or a start-up company, with the expressed objective of providing advanced and emerging technology solutions to deep societal challenges. They present scientific or engineering challenges requiring lengthy research and development, and large capital investment before successful commercialization. Their primary risk is technical risk, while market risk is often significantly lower due to the clear potential value of solution to society. The underlying scientific or engineering problems being solved by deep tech companies generate valuable intellectual property and are hard to reproduce. Moreover, the solutions provided by deep technology and applications are critical for solving the complex global challenges that humanity faces, including climate change, sustainable energy or health.

Thanks to EIT Digital's support, you will get access to our European ecosystem of innovators, corporates, Research and Transfer Organisations (RTOs), universities, SMEs, startups and scaleups, and you will receive resources, including financial support, to build your venture, package your technology, sign up customers and attract additional investors. Therefore, we ask proposals to demonstrate how the EIT Digital ecosystem can support the growth of the venture. We are here to help you get your venture boosted and off the ground.

Applicants can submit their proposals any time throughout 2023, which will be evaluated in **2 pre-defined cut-off dates** (May 15, and November 13, 2023) for evaluation.

All proposals are considered "Innovation Activities" and they must have a maximum duration of six months (July-December 2023, or January-June 2024).

**The main drivers of the program are excellence, market impact and contribution to EIT Digital's financial sustainability.**

A strong Innovation Activity proposal will demonstrate:

- **Problem/Solution:** A specific solution for a relevant business pain that can create or disrupt markets and that is aligned with EIT Digital's focus areas.
- **Market impact/customers:** To achieve the claimed market impact during the activity's timeframe.
- **Venture team:** The quality of the team and its commitment to the venture are key in order to prove the capacity of the venture to scale.

**Financial planning:** Resources needed to execute the workplan. Additional financial support by third parties (investors, partners, etc...) is considered a plus. Finally, to account for **EIT Digital's financial sustainability:**

- An **equity granting model** is applied, whereby EIT Digital is granted equity in the venture.
- The venture must have the characteristics (sound IP, scale-up potential) to provide long-term value to EIT Digital's financial sustainability.

**Only ventures with IP ownership (filed or granted) will be considered for support.** For more details on the Open Innovation Factory 2023 process, please refer to Annex A.

## 3. How to Participate

EIT Digital is a partnership-based organization. Organisations that are not yet an EIT Digital Partner are expected to initiate their application for partnership **before** the submission of the proposal. If the proposal is selected, the application must then be completed before the start of the activity. For more details on how to become an EIT Digital Partner please check our website and download the EIT Digital Partnership Models document here.

Proposals must be submitted electronically before the call deadline in English language via the proposal submission tool. The proposal must contain all the mandatory information in the online application form and all mandatory documentation including the short video pitch.

Proposals containing one or more inadmissible elements will be rejected and will receive official communication from EIT Digital setting out the outcome of the admissibility check.

**It is highly recommended to speak to EIT Digital staff in good time before the submission deadline to ensure a clear understanding of the partnership requirements.**

More information including details on how to submit your proposal is available at <http://www.eitdigital.eu/OpenInnovationFactory2023>.

## 4. Annexes

### Annex A: Open Innovation Factory 2023 program details

Innovation Activity proposals must be submitted for a specific EIT Digital focus area by a team of **2-4 complementary organisations - amongst which one venture to be boosted** - from at least **2 different EU member states or countries associated to Horizon Europe**. EIT Digital can offer support in finding partners to complete teams.

The call is open to all ventures that meet the criteria established in the **Cut-off specific document**, which should be carefully read by all proposers while preparing their submission.

An Innovation Activity proposal should include the following components:

- **Problem / Solution**
  - A clear description of the business pain/opportunity that is aligned with the relevant EIT Digital focus area.
  - A solution leveraging technology with the capacity to create or disrupt markets and a work plan that can achieve the stated objectives.
  - Evidence that each partner will contribute to the activity with valuable assets, including but not limited to IP, technology, freedom to operate.
  - Mandatory elevator pitch video (max. 90 seconds), presented by a member of the venture team, typically the Founder or CEO.
  
- **Market impact/customer engagement**
  - Market traction must be proven through actual customer engagement, with one or more established customers present at the start of the activity, and a work plan that is focused on further customer development and revenue generation.
  - Customer engagement must be proven through invoices or sales evidence dated within the activity's timeframe.
  - A recommended approach is to engage customers as partners of the proposal to ensure their commitment to the outcome.
  
- **Venture Team**
  - The team of the venture to be boosted must be clearly identified in the proposal.
  - Team members must present their roles in the venture, include a short CV, and evidence of their relevant expertise, as well as their long-term commitment to the venture.
  
- **Resource and financial planning**
  - A sound financial plan is required with a clear description of how all resources needed to execute the proposed activity will be financed.
  - Financial resources could be provided, for example, by:
    - Innovation Activity partners;
    - External private investors, such as angel investors, VCs, or Corporates;
    - The Founders' own financial resources.
  - External investors that commit funds to the venture to be boosted are positively considered.
  
- **Contributing to EIT Digital financial sustainability**

- Activities are requested to contribute to the financial sustainability of EIT Digital through equity transfer. The equity offer needs to be justified and reflect venture's current maturity and valuation. The guidance range is from 5.0% to 15%. If the offer is below 2.0%, the proposal will be rejected. Specifically, the venture to be boosted will be asked to sign a Share Transfer Agreement (STA).

A template of the STA can be found on the [EIT Digital intranet](#) and can be provided by EIT Digital staff upon request. **Please make sure to read this document carefully before submission.**

**In addition to EIT's financial support, activity partners are expected to contribute to the activity budget through their own resources (co-funding).** EIT financial support and partner co-funding requirements are detailed in the [Cut-off specific document](#).

The strongest Innovation Activity proposals contain the following elements:

- EIT Funding is appropriately allocated to the venture being boosted and the other activity partners to maximise the probability of the activity's success.

Involvement of external investors demonstrated through a written commitment from said investors at the time of proposal.

The detailed process including the requirements, criteria and evaluation methodology for Innovation Activity proposals is presented in Annex B and Annex C. Formal requirements on KPIs, financial aspects and partnership are presented in Annex D, while communication and dissemination guidelines are included in Annex E.

## Annex B: Process overview

### B.1. Proposal Submission

To ensure all submission requirements are properly addressed, it is highly recommended that you speak to [EIT Digital staff](#) in good time prior to proposal submission during the design and preparation of your proposal.

All Innovation Activity proposals must be compiled and submitted via the EIT Digital submission system which can be reached via the [EIT Digital intranet page](#). It is the responsibility of each Innovation Activity/Task Leader to obtain full commitment and consent from all partner organisations participating in the Innovation Activity/Task, prior to submission. Activity proposals need to be formally submitted via the submit button in the EIT Digital submission system, prior to the cut-off dates.

Applicants can submit their activity proposals at any moment in time throughout 2023, with two pre-defined cut-off dates for evaluation:

Cut-off 1:	May 15, 2023, 5pm CEST (Brussels time)
Cut-off 2:	Nov 13, 2023, 5pm CEST (Brussels time)

## B.2. Review Process

### B.2.1. Gated Evaluation

Each activity proposal must go through five selection steps to be considered for EIT Digital support as part of the Open Innovation Factory 2023.

First, it must go through an **Eligibility Criteria Check** and two Evaluation Gates: the **Review Gate** and the **Management Committee (MC) Gate**. Activity proposals that pass the Eligibility Criteria Check and the Evaluation Gates will be called for **Due Diligence Interviews** with the MC, after which a **Consensus Meeting** is held by the MC during which a final decision is reached.

Only activity proposals that pass the previous gate will be assessed at the following gate. Scoring details for each Evaluation Gate are defined in the Cut-off specific document.

The five selection steps consist of, in order:

- 1. Eligibility Criteria Check:** EIT Digital experts review the submitted proposals and assess their alignment with the eligibility criteria defined in the Cut-off specific document.
- 2. Review Gate:** Each proposal is assessed by at least three independent external experts. Each expert evaluates the proposals following the evaluation criteria outlined in Table 1 of the Cut-off specific document and provides comments supporting the assessment. During the Review Gate, the experts come together to discuss each proposal based on their own individual assessments and assign in consensus a Review Gate Score. If the proposal attains the minimum required score for each question and attains the overall threshold score then it will advance to the MC Gate.
- 3. MC Gate:** The Management Committee of EIT Digital takes into consideration the Review Gate outcome and assigns a MC Gate Score based on the evaluation criteria outlined in Table 2 of the Cut-off specific document that include EIT Digital financial sustainability objectives and strategic alignment goals. Should each question score the minimum required score, and the MC Gate Score reach or surpass the MC Gate minimum required score, then the activity proposal moves on to Due Diligence Interviews.

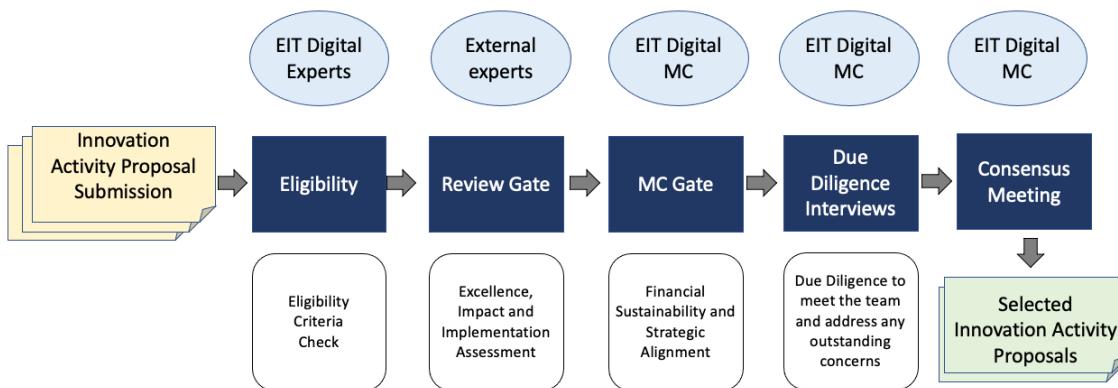


4. **Due Diligence Interviews:** Due Diligence Interviews are scheduled shortly after the MC Gate takes place and a timeline is provided in the Cut-off specific document. Activity partners are expected to participate and, in particular, founders of the venture to be boosted are expected to attend. Should this not happen, the proposal will be automatically discarded. During these interviews, the teams will be challenged on the information provided in their submission and any concerns which emerge during the Review Gate and / or the MC Gate. Topics that will be assessed in the interviews will comprise but are not limited to:

- Venture boosted team competence and complementarity;
- Activity partners’ roles, complementarity, budget allocation and geographical distribution;
- Venture boosted valuation and equity proposal;
- Venture boosted fundraising strategy including any letter/s which have been submitted showing investor commitment.

The scores assigned at the MC Gate will be increased or decreased based on the quality of the answers and validity of the arguments expressed during the interviews by the venture team members and activity partners. It is at the final discretion of the MC to determine the validity of the answers and arguments given.

5. **Consensus Meeting:** The MC convenes again in a final Consensus Meeting in which it reviews and may adjust the MC scores previously assigned based upon the answers given by the teams during the due diligence interviews, and the highest scoring proposals that have passed the relevant thresholds will be selected as winners of the Open Innovation Factory 2023 program and will be funded according to the available budget for that cut-off.



### B.2.2. Feedback and Next Steps:

Applicants will find the feedback to their proposals, together with the “go/no-go” outcomes, including any change requests, in the feedback tab of the submission system approximately 4 weeks after the cut-off date. Note that for proposals involving organisations that apply to become EIT Digital partners, proposal acceptance is dependent on EIT Digital Supervisory Board’s approval of the partnership application.

Applicants with “go” outcomes may receive requests for changes to the activity proposal and must implement those, as indicated in the feedback tab of the submission system. These may include adjustments to the content of the activity (outputs, KPIs, descriptions, etc.) as well as budget changes. Once changes are made, the reviewed proposal needs to be resubmitted in the EIT Digital submission system. If the required budget changes are not implemented within one week from the communication of the results, then the financials will be automatically and linearly adjusted for all activity partners, to meet the requested target values.

Proposals with “go” outcomes are expected to start on July 1, 2023, or January 1, 2024, depending on the cut-off date and their proposed workplan.

EIT Digital reserves the right at the sole discretion of the Management Committee to make exceptions to the defined procedure on a case-by-case basis should the Management Committee deem this necessary.

### B.3. Appeal Procedure

EIT Digital will, in good faith, address any potential disputes on the outcome of the selection process described in this document. An appeal should be issued, by the applicants, to the attention of the relevant Regional Director, by factually underpinning the alleged errors in the evaluation and feedback provided by EIT Digital.

To respect the tight timeline between cut-off dates and start of the Innovation Activities, the following will apply:

1. Publication of the results: approximately 4 weeks after the cut-off date.
2. Applicants should bring the appeal to the attention of the relevant Regional Director in writing within 5 business days date of publication of the results.
3. The Regional Director will examine the appeal and, if possible grounds for appeal are found, then the appeal will be sent for a consideration by the Management Committee. The EIT Digital Management Committee will review the appeal and make a final decision.

Please note: External Experts provide independent assessment, and their scoring and feedback cannot be re-evaluated in the appealing process by EIT Digital.

#### B.4. Risk Considerations

In consideration of EIT Digital's responsibility to distribute public funding without taking unnecessary risks, the Management Committee can decide not to support proposals independent of their scoring. This can occur if the risk profile, including but not limited to financial and reputational risks, is deemed too high at the sole discretion of the Management Committee.

### Annex C: Evaluation criteria

The evaluation criteria are based on the EU criteria of Impact, Excellence and Quality of Implementation as well as the Strategic Alignment with the [EIT Digital SIA](#) and the support to the long-term financial sustainability of the organization.

Following the Evaluation Procedure described in Annex B, three specific sets of criteria will be assessed:

- Eligibility.
- Impact, Excellence and Implementation.
- Strategic Alignment and EIT Digital financial sustainability.

The specific sets of questions reflecting these criteria are described in the Cut-off specific document.

### Annex D: Costs Reporting and KPIs

This Annex includes important additional information related to formal requirements on KPIs, financial costs and partnership for funded activities that will be included in the EIT Digital Business Plan. **It is therefore important that applicants read this section carefully.** All Business Plan Activities need to comply with the Horizon Europe and EIT requirements, which may be subject to changes. A dedicated EIT Digital intranet page (requiring a valid EIT Digital intranet account to be accessed) contains further essential information for proposal authors and will be kept up to date with the latest information. Please get in contact with EIT Digital staff to make sure you can access the EIT Digital intranet. This is especially relevant for activity partners that are not EIT Digital Partners yet.

**Type of Financial Support:** The financial support offered by EIT Digital is structured in the form of reimbursement of actual costs declared in the activity proposal budget. The funds are released in several tranches during a time frame of 9-12 months. For more details on

the disbursement of the EIT Digital financial support, please refer to the Cut-off specific document.

## D.1. Cost Reporting

The financial justification of the activity is detailed in the EIT Digital submission system (tab “5. Tasks and Costs”, tab “6. Cost justification” and in tab “7. Funding”). The budget information needs to be precise and concrete, considering the requirements from the Horizon Europe Model Grant Agreement (MGA) and the EIT Digital Financial Support Agreement (FSA). These are key documents defining the general framework under which Activities need to operate. They will be shared with EIT Digital Partners via the EIT Digital intranet page. It is highly recommended for activity partners that are not EIT Digital Partners yet, to get in contact with EIT Digital staff early on to gain access to the intranet, where both the Strategic Innovation Agenda (SIA) and the Model Grant Agreement (MGA) documents, as well as the submission system, can be found.

It is very important that the activity proposal assigns its budget to the correct cost categories, amongst the following:

- A. Personnel costs
- B. Sub-contracting costs
- C. Purchase costs
- D. Other cost categories
- E. Indirect costs. This is a flat rate of 25% calculated on the eligible direct costs (categories A-D, except volunteer's costs, subcontracting costs, financial support to third parties and exempted specific cost categories, if any).

Please note the following about the content in the Model Grant Agreement and EIT Digital submission system:

- The “action” refers to the EIT Digital Business Plan including its Annexes.
- Costs need to be allocated to one or more tasks. Tasks define how the work is broken down between partners and how much each part of the work costs. It is possible to model the budget of a Task based on planning assumptions, while the reporting will have to be based on actual costs, which cannot exceed the approved budget.
- Financial Support to Third Parties (or sub-granting) can be used to allocate budget to third parties outside of the EIT Digital partnership requirement. The sub-grantee selection process should be open, transparent and follow all applicable

rules (as defined in the Model Grant Agreement). It is recommended to make a limited use of this cost category.

- Sub-contracting needs to be explicitly defined in proposal that will be included in the Business Plan and follow all applicable rules, especially regarding the value for money and avoidance of conflict of interest.
- Full Time Equivalent (FTE): We strongly recommend a commitment of at least 0.2 FTEs per partner and Task Leader/Contributor to ensure a meaningful involvement and the allocation of enough capacity to the specific task.

## D.2. Conflict of Interest

Beneficiaries must take all measures to prevent any situation that could compromise the impartial and objective implementation of the Agreement for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect interest (“conflict of interest”).

Beneficiaries must formally notify the granting authority without delay of any situation constituting or likely to lead to a conflict of interests and immediately take all the necessary steps to rectify this situation.

The granting authority may verify that the measures taken are appropriate and may require additional measures to be taken by a specified deadline.

### D.2.1. Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced.

## D.3. Key Performance Indicators (KPIs)

Each activity needs to define its target values for a set of relevant KPIs, consisting of:

- **EIT-Level KPIs (EIT KPIs)**: defined by the EIT for the entire EIT community (KICs). These are the most important KPIs and require formal evidence of achievement:
  - **Market Innovation KPI (EITHE02)**: documents, such as invoices or an online sales record, certifying cumulated financial transactions for the service/product sold to a customer, or a paid pilot, in the amount of at least €10,000 during the activity’s timeframe. The EIT will accept or reject substitute evidence of the market traction (e.g., sales contract or order form) on a case-by-case basis.

- Start-up supported by the KIC (EITHE03): the start-up must be supported by the KIC for at least 2 months during the year in which the activity is implemented.
- KIC-Internal KPIs (INT KPIs): defined by EIT Digital as additional monitoring parameters.
- Activity Specific Quantifiable Targets (ASQTs): defined by individual activity applicants and requested to define additional, measurable, activity-specific targets that can demonstrate the impact of implementation of the activity.

To define KPI targets, activity proposal authors need to be aware of the acceptance requirements for KPIs. Without the required evidence documentation, KPIs may not be accepted by the EIT in the formal activity review process. Please note that **financial penalties may be applied by the EIT and EIT Digital in case of under-delivery, including under-achievements in any of the three categories of targets and KPIs described above.**

As valuable KPI achievements may also materialise during subsequent years, partners will be asked to support the reporting of KPI results related to their activity even after its official conclusion.

#### D.4 Activity Monitoring

All activities selected for funding undergo continuous monitoring by EIT Digital to ensure effective progress and implementation and to trigger payments according to the achievement of milestone, deliverables and KPIs. The midterm monitoring at the end of M3 will cover several aspects relating to the activity implementation including, but not limited to: achievement of outputs, milestones, deliverables and KPIs; risk management; financial management; quality assurance; progress against KPI achievement and impact delivery; communication and dissemination; co-branding; and progress towards commercialisation and exploitation of results. EIT Digital will request midterm reporting of actual costs incurred with the subgrant, as well as regular reporting of KPIs and deliverables.

In the case of under-performance, significant delay of implementation, misconduct of the consortium, or any other reason jeopardizing the timely implementation of the activity identified during the monitoring process, EIT Digital reserves the right to discontinue or restructure the funding of the activity at any point during its duration.

## Annex E: Communication, Dissemination and Visibility

### E.1. Communication, Dissemination and Promotion

Unless otherwise agreed with EIT Digital, the partners of the selected Innovation Activities must promote the activity and its results by providing targeted information to multiple audiences (including the media and the public).

Before engaging in a communication or dissemination activity expected to have a major media impact, the partners must inform EIT Digital.

### E.2. Visibility: the European Flag and Funding Statement

Unless otherwise agreed with EIT Digital, communication activities of the partners related to the Innovation Activity (including media relations, conferences, seminars, information material, such as brochures, leaflets, posters, presentations, etc., in electronic form, via traditional or social media, etc.), dissemination activities and any infrastructure, equipment, vehicles, supplies or major result funded by EIT Digital must acknowledge the EU support and display the European flag (emblem) and funding statement (translated into local languages where appropriate). Other allowed layouts/backgrounds can be found in the EIT Digital Intranet.



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The emblem must remain distinct and separate and cannot be modified by adding other visual marks, brands or text.

Apart from the emblem, no other visual identity or logo may be used to highlight the EU support.

When displayed in association with other logos (e.g. logos of partners), the emblem must be displayed at least as prominently and visibly as the other logos.

For the purposes of their obligations under this Article, the partners may use the emblem without first obtaining approval from EIT Digital. This does not, however, give them the

right to exclusive use. Moreover, they may not appropriate the emblem or any similar trademark or logo, either by registration or by any other means.

### **E.3. Quality of Information: Disclaimer**

Any communication or dissemination activity related to the Innovation Activity must use factually accurate information.

Moreover, it must indicate the following disclaimer (translated into local languages where appropriate):

“Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or EIT Digital. Neither the European Union nor EIT Digital can be held responsible for them.”

### **E.4. Specific Communication, Dissemination and Visibility Rules**

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced.

### **E.5. Dissemination, communication, and exploitation of the results of the activities**

Applicants need to respect the provisions of Article 16 regarding the Intellectual Property Rights (IPR) —Background And Results— Access Rights And Rights and Article 17 regarding Communication, dissemination and visibility of the (Model) Grant Agreement . Applicants should engage in dissemination, communication and exploitation of the results of the activities.

### **E.6. Intellectual property**

Participating entities agree to respect IPR Rules (Article 16) of the (Model) Grant Agreement.