



EIT DIGITAL

Open Innovation Factory 2024
Q&A Session 2 – March 19, 2024

EIT Digital **Open Innovation Factory**

€400k

Financial support
provided by EIT
Digital

>5.5%

Equity
requested

6

Months long
program

€10k

Revenue goal to
validate

Boost your startup with customers and technology providers within EIT Digital's extensive ecosystem of 350 partners and 21 European locations.

A program for fast-growing ventures that are less than **3 years old** (Jan 1., 2020) **and have traction**

We connect you with 1 000+ EIT Digital **VC/CVC partners** and **Business Angel Networks**

Eligibility and general

Two blue wavy lines are positioned to the right of the text 'Eligibility and general', extending horizontally across the lower right portion of the slide.

What are the criteria to be eligible for the Open Innovation Factory 2024?

Open Innovation Factory 2024 – Cut-off 1 Specific document

Eligibility conditions	
The venture to be boosted has been incorporated between 01/01/2020 and the submission date.	Early-stage young startup
Proposals must include a minimum of two partners, from two different eligible countries (EU member States or HE Associated Countries).	Multi-country working team
Every partner contributes to budget allocation via EIT funding and/or partner's own contribution (co-funding) and should not fall under the same ownership	
The proposal requests a maximum of €400,000 of EIT Digital funding.	Cost sharing with maximum funding 400K
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 and is not controlled by another company other than, if applicable, a non-trading holding company established solely for the assignment of founder shares.	Investable 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 between 5.5-12%	Equity range

Can you please describe your ideal candidate?

Dimensions for a strong proposal

Problem - Solution Fit

Business pain clearly described
Solution leveraging DeepTech
Existing traction

Market Impact

Customer as part of the team
Clear IP assets in the company
and freedom to operate

Venture Team

DeepTech expertise
Committed team with roles
clearly identified in the proposal
Strong and entrepreneurial CVs

Financial Planning

Resources in financial plan (from
partners, investors, founders,...)
Investor future commitment is a
HUGE plus

Are startups founded in 2019 or before eligible to apply?

- This restriction only applies to the venture to be boosted that must be registered **on January 1st, 2020, or later.**
 - This startup will be the business champion (and usually the activity leader).
 - This startup will provide the equity for EIT Digital sustainability.
- The rest of the partners have no constraints in this regard.

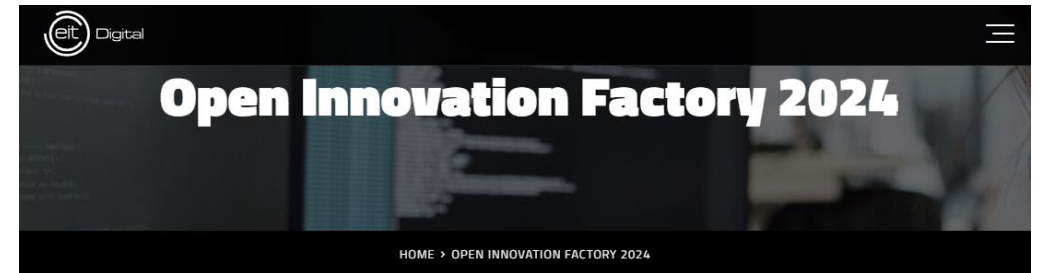
A startup founded before 2020 can participate in the consortium with another startup, but not as business champion.

Do I need to be a partner before the submission?

- All partners included in the proposal **must apply for partnership**
 - That will allocate a partner code and allow to enter the proposal in the submission system
- **If the proposal is selected**, all partners included must complete the partnership process providing the requested documentation and paying the partnership fee to have the right to participate in the program and the rest of the EIT Digital services for its partners.
- If the proposal is not selected, you can decide if continue for the partnership or withdraw your initial pre-application (no progress if no action by you).

How can I find a suitable partner?

- EIT Digital provides a tool to help to find the right “match”, however, it does not always find it
- To find complementary partners you can:
 - Check the partners list in the EIT Digital website
 - Register in the Matchmaking tool, describing your organization and the complementary features that you are seeking or those that you can offer to others
 - Matchmaking tool matching process has been extended to end of this week (March 22, 2024)



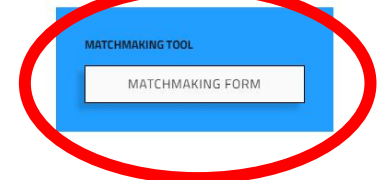
Join Open Innovation Factory 2024 to boost your deep tech startup!

Do you want to **accelerate the growth** of your **early-stage digital deep tech startup**?

Submit your proposal to the EIT Digital "Open Innovation Factory 2024" programme and receive our support to package your technology, sign up customers and attract investment.

The work programme is guided by the five focus areas - Digital Tech, Digital Industry, Digital Cities, Digital Wellbeing and Digital Finance - of the [EIT Digital Strategic Innovation Agenda 2022-2024](#).

Selected proposals will receive **financial support** from EIT Digital and be



Physical location of EIT Digital?

Boots on the ground with 23 offices


Silicon Valley Hub




EIT Digital Office


in progress

EIT Digital Romania
Cluj-Napoca
Adina Rus adina.rus@eitdigital.eu

Do I need to allocate budget to all partners?

- **Indeed.** All participant partners must have some budget allocated, meaning that they are doing and reporting some effort in the project
- This effort budget can be sourced by EIT Funding or Co-funding (partners own funding, national grants, ...)
- The co-funding requirement (>50%) is calculated at activity level, meaning that a smaller co-funding % by some partners can be compensated with a larger one by others
- It is not required that all partners receive EIT Funding and some partners can just provide co-funding.
- However, the EIT Funding allocated to some partners can be dependent on the others partner reporting its committed co-funding.

What is the success rate of applications?

- There is not an objective or standard on that. It depends on their quality and total budget requested
 - In last cut-off there were 50 proposals and 8 were selected
 - In previous one there were 46 proposals and 8 were selected


What happens if the KPIs are not achieved?

- If the KPIs are not achieved, specially the EIT level KPIs (sales/revenue evidence of 10K in the activity timeframe), there could be a reduction in the total grant amount.
- If final deliverables are low quality or the EU co-branding is not respected, and those issues are not solved after feedback, there could be reductions in the grant amount.
- EIT Digital carefully evaluates the proposals and closely follow-up the project progress, so that underachievement conditions are not usual
- Nevertheless, those **grant reductions doesn't change the equity percentage** promised.

How does the Activity Leader coordinate with the other partners?

- Partners need to discuss and clarify the specific roles and work commitments in the Innovation Activities
- The contractual relationship is established between EIT Digital and each one of the partners.
- Grant payments are delivered directly to each partner, without passing through the activity leader
- Recommendation is that partners discuss clearly their roles and the delivery expectations and the resources to involve.
 - EIT Digital does not require a “consortium agreement” between the partners
 - It is the decision of the partners how formally their collaboration is established.
 - EIT Digital will evaluate the Innovation Activity delivery as a whole and not act as an arbitrator between partners regarding their internal performance

Budget & Funding

A hand-drawn blue underline consisting of two parallel lines that start under the 'g' of 'Funding' and extend to the right, slightly curving upwards.

What are the eligible costs?

HE cost (Budget)	Cost category	Indirect cost	HE detailed type cost (Cost reporting)	Remarks
A	Personnel	25%	A1a. Employees under an employment contract, actual costs A1b. Employees under an employment contract, unit costs	Employees, actual costs
			A2. Natural persons working under a direct contract	Contractors, actual costs
			A3. Seconded persons by a third party against payment	Seconded persons working similar to employees with a secondment contract.
			A4. Personnel, SME owners without salary	Non-employees. Any level of ownership. Unit cost by country (170-325 €/day)
B	Sub-contracting	No	B. Sub-contracting	Resources for the product. Follow special rules for “best value for money”
C	Purchase costs	25%	C1. Travel and subsistence	Actual costs.
			C2. Equipment	Only depreciation. For small items used just for the activity, full cost.
			C3. Other goods, works and services	Purchase of goods and services (in general, not related with the product) i.e. legal, marketing,...
D	Other Cost Category	No	D1a. Financial support to third parties: Grants	Subgranting. Limited to 60K.
		No	D2. Internally invoiced goods and services	Be careful. Only for companies with internal accounting transfer.
	In-kind contribution		Contributions by a third party for free.	Reported by the beneficiary under same concept Requires declaration/approval procedure

How does the owners/founders cost work?

- Cost type A.4 SME owners (sometimes called “sweat equity”) applies to:
 - Owners of the startup (shareholders during the activity) that are not employees
 - Working for the activity because their ownership interest
- There is a standard cost accepted
 - No need of cash-out by the startup
 - Standard rate (282 €/day) adjusted by country
 - Need to fill in and file a declaration of the time devoted to the activity
 - 25% additional indirect cost apply
- Note: future stock options does not represent current ownership


Can I change the budget allocation later?

- Indeed, it is possible to modify the budget distribution during the activity subject to some conditions
 - It is possible to change amounts between ledgers (concepts like personnel, subcontracting, purchasing) or between partners
 - Maximum EIT Funding amount has to be equal or smaller than the awarded one
 - Co-funding rate must be maintained or increased over the initial one
 - Changes must be approved by EIT Digital to assure that changes doesn't jeopardize the initial objectives in the proposal
- Changing between partners can be done only during activity timeframe
- Changing between ledgers are acceptable also at reporting time, but must be explained in the cost-reporting and accepted by EIT Digital

What happens if not all budget is used

- During the activity timeframe, activities can adjust their budgets balancing between tasks or partners, without increasing the EIT Funding and keeping the co-funding rate
- If eventually the cost reported are lower than the adjusted budget, the grant to be paid will be adjusted using the co-funding rate.
- If that has been caused by lack of appropriate management of the project, also a reduction of the grant calculated could be applied.
- EIT Digital carefully evaluates the proposals and closely follow-up the project progress, so that underachievement conditions are not usual
- Reduction in budgets or underspending in the final report will **not change the equity percentage** promised.

Equity & sustainability



What is the equity to be given?

- Activities are requested to contribute to the financial sustainability of EIT Digital providing a percentage of equity in the company. **The equity offer needs to be justified and reflect venture's current maturity and valuation.** The eligible range is from **5.5% to 12%**. If the offer is outside of that range, **the proposal will be rejected**. Specifically, the venture to be boosted will be asked to sign a Share Transfer Agreement (STA).
- Providing equity shares the startup success with EIT Digital. If the company thrives, EIT Digital will receive significant amount in the future to reinject it in the EU innovation ecosystem. If the company fails, no liabilities remain for the founders.

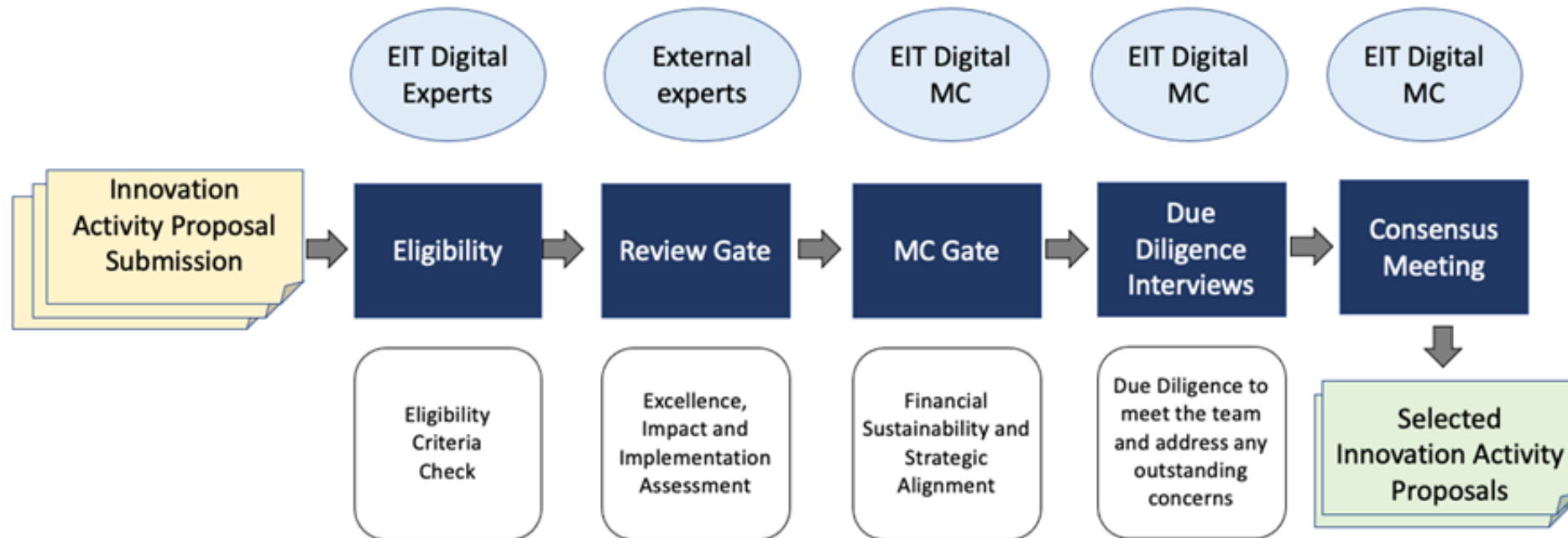
Do you get equity in all the partners or only the startup?

- Only the Venture Boosted (called Business Champion) must provide between 5,5 and 12% of their equity to EIT Digital for its long-term financial sustainability
- The rest of the partners don't transfer equity
- The equity % is based on the cap table at the beginning of the activity. If additional capital is issued by the startup (i.e. for a new investor), the % is automatically recalculated.

Process



How the selection process works?

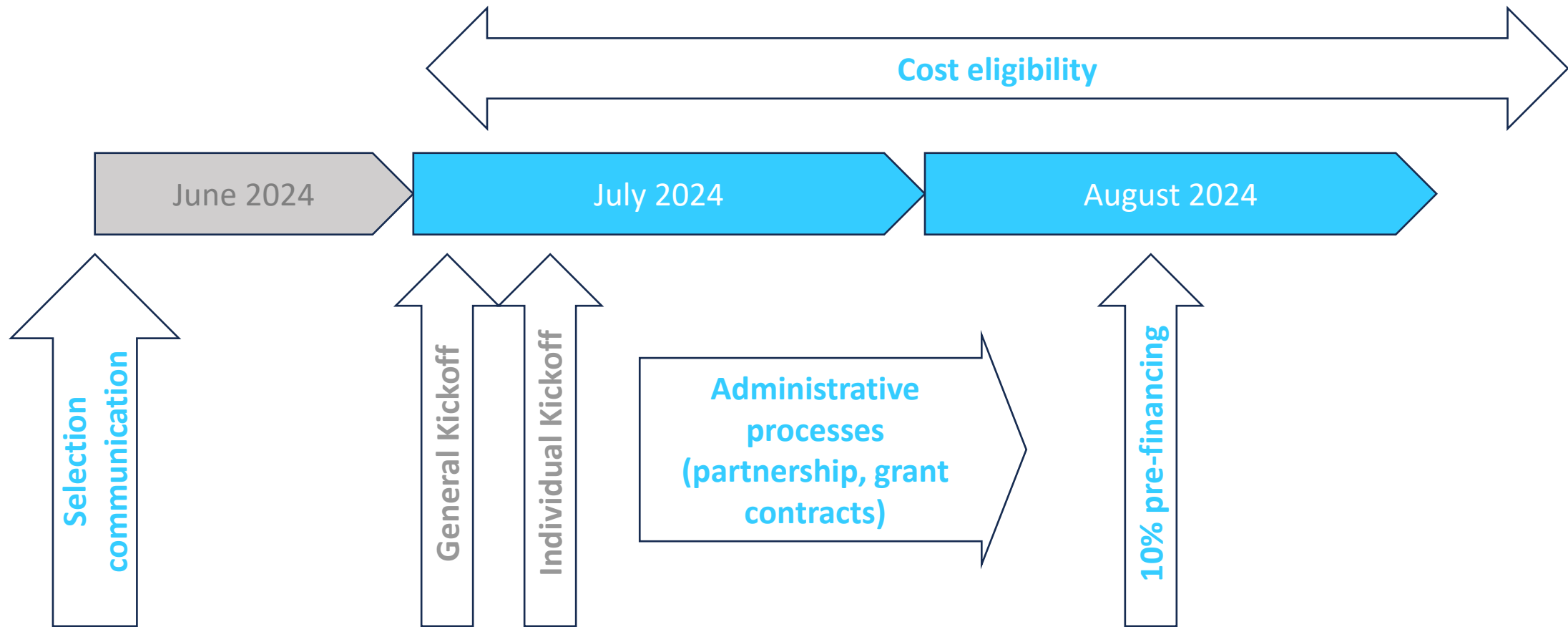


Is it expected another call for 2024?



- The Open Innovation Factory 2024 call will be open for the whole year, with two cut-off dates:
 - Cut-off 1
 - Deadline: April 10, 2024
 - Execution timeframe: Jul 1 to Dec 31, 2024
 - Cut-off 2
 - Infosession: September 9, 2024
 - Deadline: October 21, 2024
 - Execution timeframe: Jan 1 to Jun 30, 2025

If the proposal is selected, what are the next steps?



Life cycle of idea startups support

From students to unicorns

From Student

To Unicorn

