

# **What is the EIT and what does the EIT want its KICs to accomplish?**

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EIT Chairman

# Innovation in Europe

- Innovation is key to success in the knowledge economy
- Europe is weak in innovation
- Innovation capacity in terms of R&D and SME stimulation is heavily funded by public authorities
- EIT focuses on innovation impact

# EIT Mission

***To be the catalyst for  
a step change in the  
European Community's innovation  
capacity and impact***

# EIT Focus

- CAN DO
- Bottom-up Approach
- Simplicity: call 9 pages, criteria 4, proposal max 40.
- Commitment rather than Control
- Reward performance & encourage competition amongst KICs
- Long term stability (7-15 year)

# **EIT First Action**

## ***The creation of the Knowledge and Innovation Communities - KICs***

# KIC Focus

## WHAT themes for the KICs?

- Climate Change Mitigation and Adaption
- Sustainable Energy
- Future Information and Communication  
Society

**KIC must principally address *one* theme**

# KIC People

## WHO is in the innovation web?

- Business
- Entrepreneurs, including SMEs
- Research and Technology Organizations
- Education
- Investment communities (private investors and venture capital)
- Research funders, including charities and foundations
- Local, regional and national governments

# KIC deliverables

- Build innovative 'webs of excellence'
- Create new business
  - For existing industry
  - For new endeavours
- Educate and develop entrepreneurial people
- Societal impact: a.o. job creation and brain gain

# Essentials of a KIC

1. Excellence in a WEB of Innovation *leading to KICs competitive on a world scale*
2. Entrepreneurship education *delivering top entrepreneurial people*
3. Technical and non-technical research and technology *leading to full exploitation of innovation opportunities*
4. Bridging local capabilities to *Europe wide opportunities*

## Essentials of a KIC

5. Exploiting entrepreneurship through new and existing private companies, SME's, start-ups, etc *leading to new business creation*
6. Working in networks focussed on typically a few nodes or co-location centres encompassing the larger part of the Innovation Web and allowing face-to-face contact *thus leading to great mobility of knowledge*
7. CEO/CFO type leadership *leading to drive and focus*

## Essentials of a KIC

8. A monitored business plan around deliverables with targeted investment returns and drivers identified upfront *leading to relentless focus on results*
9. With an IPR policy motivating for the stakeholders *that allows broad usage of IPR in and outside Europe*
10. With a strong EIT brand *restoring pride in Europe's innovation and international recognition*

# 1. World class excellence

## WHO are the people in a KIC?

- World class business (large and SME) people, entrepreneurs, researchers, technologists and educators working together in world class KIC programmes
- Talented and committed students and academics from Europe and abroad who are flexible, mobile and eager to innovate
- United by focus and a drive for impact

# ...World class excellence

## HOW to manage people in a KIC?

- **People mobility** between industry/business, research and academia and across national boundaries
- **Team culture spirit** around the KIC objectives
- **Incentive schemes** that attract and keep excellent partners and people from across the innovation chain/web
- **Working/studying together in co-location centres in diverse teams**

## 2. Entrepreneurship Education

### WHY education in a KIC?

- Part of overall goal to build innovation webs
- Change entrepreneurship learning from 'learning about' to 'learning by doing'
- EIT branded master, doctorate and post doctorate programmes/diploma within a KIC
- EIT graduates able to turn scientific knowledge into marketable products: "from science to business"

## 3. Research

### WHAT kind of research from KICs?

- Innovation driven, encompassing
  - Technical research
  - Technology & Development
  - Non-technological research
  - A.o. in open innovation systems
- Leading to full exploitation of innovation opportunities and impact

## 4. Bridging Local Capabilities

### HOW does a KIC link local capabilities?

- A KIC bridges **local/regional** capabilities to Europe wide opportunities and impact
- A KIC disseminates best practise across Europe

## 5. Exploiting entrepreneurship towards new business creation

- In existing companies
- Out of academia, research and technology organizations
- Through the traditional ways: incubators, start-ups, business angels, venturing, ...
- New ways like new business models and approaches, new ways of innovation management (e.g. in existing companies), ...

## 6. Co-location

### WHAT is a Co-Location Centre?

- A geographical location where most or the whole innovation web is in proximity
- Brings together geographically separate people
- Face to face work during significant periods
- Lead node amongst the partners
- Typically **4-6** co-location centres in a KIC

# 7. CEO Style Leadership

## HOW to manage and lead a KIC?

- In short: **as a business**
- High quality **CEO type leadership** devoted full-time to develop strategy, ensure delivery of the **business plan**, facilitate day-to-day KIC operation and allow **fast decision** making
- **Clear and simple organisation** and collaboration rules (including entry-exit rules)

## 8. KIC Business Plan

### WHAT should the business plan contain?

- Shared and monitored **performance indicators** based on market analysis and benchmarks
- Short-, mid- and long term **deliverables**
- Targeted **investment returns**
- **It should be focussed on output**

## 9. Motivating IPR Rules

- For the partners
- Creating an entrepreneurship friendly environment
- Optimise the exploitation and uptake of KIC knowledge and technologies
- Allowing broad usage in and outside Europe

## ... **IPR in a KIC**

- Establishment of IP policy by the KIC
- Set up of an IP Board within each KIC:
  - The planning for the management and use of IPR
  - Exploitation strategy
  - Provisions for newly-entering parties and rules for departure
- For the proposal EIT needs

## ... **IPR in the proposal**

- The proposal must include an IP plan covering:
  - The composition of the IP board
  - Mechanisms for decision making
  - First elements and direction for further IP policy development

# 10. EIT Brand

## What is the EIT brand?

- EIT/KICs identified with **excellence** in international innovation e.g. in terms of entrepreneurship education, new business creation and brain gain
- **Recognition** of people and organizations through the EIT label

# Essentials of a KIC: summary

1. World class excellence
2. Entrepreneurship education
3. Technical and non-technical innovation
4. Bridge local capabilities
5. Entrepreneurship for new business creation
6. Co-location
7. CEO style leadership
8. A business plan focused on output
9. Motivating IPR rules
10. EIT brand

# Legal status of a KIC

***A KIC is a collaborative partnership, a legally and financially structured and managed entity of internationally distributed but thematically convergent partners***

- Substantial autonomy of internal organisation and composition
- Status varies from consortium agreement to legal entity
- Status must fit
  - financing and operational requirements
  - objectives and needs of the partners
  - leadership model chosen for KIC

# Funding of a KIC

**50-100 M Euro** total spending per year

- EIT 25%
- Existing programs and funding: about 25%-50%, maybe more ...
- Partners the remainder being about 50%-25%
- So for the coming 4 years the 3 KICs will spend about 1B Euro's

# KIC Financing

# Leverage Funding

- Use the EIT grant to leverage existing and new funding as much as possible.
- Fresh money and in-kind contributions could include:
  - European programmes (7FP, CIP, Erasmus Mundus)
  - Structural Funds
  - National, regional and local funding
  - Industry investment
  - EIT Foundation
  - Private investors & Venture Capitalists
  - EIB and Investment banks

## Amount of EIT Funding

- EIT funding of 25% over the first 4 years
- KIC builds up activity during this period
- Total estimated available budget in coming years:

Year	2009	2010	2011	2012	2013
€ (millions)	3	26	55	72	119

- KICs move towards self-sustainability in the long term

# Use funding like a business!

- Any KIC added value activities may be funded up to 100%
- The cost of the establishment, administration and coordination of a KIC will be paid out of the EIT grant and must be kept to a minimum
- We want 'LEAN' KICs that concentrate resources on added value activities

# Limits to Funding

- The EIT grant is not intended for:
  - Covering large scale infrastructure costs
  - Topping-up existing projects
- No double funding (paid twice for the same activity)
- Must respect state-aid rules

# KIC Costs

## ➤ Aims to:

- Keep administrative costs to a **minimum**
  - **Simplify grant management** whilst maintaining effective control of expenditure
- Report on expenditure in a way as streamlined as possible combining:
- Eligible (real) costs
  - Flat rate (scales of unit)
  - Lump sums

# Lump Sums and Flat Rates

- Based upon proposals from the KICs
- Validated by EIT
- Must be agreed prior to signature of the grant agreement

# How to be selected for a KIC?

# Register and submit

- One organisation must be designated to co-ordinate the KIC proposal
- The co-ordinator registers on the EIT Proposal Submission System (on line on 14 May)
- The co-ordinator submits the proposal

# Proposal Eligibility

- The proposal must:
  - Respect the deadline: **27 Aug 2009, 17:00 Brussels time**
  - Contain completed parts A, B, C and D
- Combined length of parts B and C may not exceed **40 pages** (English, font, margin specified)
- Part D must contain the signed declaration, endorsing the proposal and confirming the absence of situations leading to exclusion, from the **legal representative of every partner listed in A**

# Proposal Eligibility

## The proposed KIC must:

- Contain at least three independent partner organisations established in at least 3 member states
- Have the majority of partner organisations established in the Member states
- Include at least one higher education establishment and one company

# Other KIC Partners

- KICs may include non-Member State partners:
  - participating countries EEA EFTA,
  - third countries, GB prior authorization needed

# Evaluation, who and how

## Initial step (September 2009)

1. Call Deadline: 27th August 2009 (5pm Brussels time)
2. Eligibility: EIT staff
3. Independent experts decide initial Go/No-
  1. The proposal addresses the priority area and broad innovation goals

# Evaluation, who and how?

## First step (October 2009)

1. Each proposal read by 5 experts
2. 5 best proposals per theme go further

# Evaluation, who and how?

## Second step (November 2009)

1. 15 proposals
2. Each proposal read by 5 experts
3. 3 best proposals per theme go further

# Evaluation, who and how?

## Final step (December 2009)

1. 9 proposals
2. Final panel, selection recommendation
3. Governing Board hearings: 16th of  
December 2009
4. Decision on 17th December 2009

# Successful KIC Proposal

- Make sure your proposal is eligible
- Use your own best judgment, in particular around the essentials of KIC's

# **From designation to operation of KICs**

# EIT and KIC Relationship

- Renewable 7 Year Framework Partnership Agreement
- Annual grant agreements, with annual funding subject to individual performance and competition between the KICs
- Negotiated and concluded between EIT-GB and each KIC

# Timetable for Negotiations

- The 7 Year Framework Partnership agreement and preparatory Grant **by 15 March 2010**
- 2010 Annual Grant **by June 2010**
- **Content** of the annual grant agreement a.o.:
  - First KIC Triennial business plan
  - Details of funding
  - Scales of unit for flat-rate and lump-sum

# KIC reporting to the GB

- Annual reporting on previous year's activity:
  - Report on deliverables and key Performance Indicators
  - Financial reporting on how KIC has spent EIT funds
- Annual reporting on next year's activity
  - Updated 3 year business plan
  - More detailed funding request for upcoming year

# Our Dream and Vision

**Let KICs be recognized as key drivers  
of sustainable economic growth and  
competitiveness across Europe:  
*through world-leading innovation***

# **THANK YOU!**

## **EIT Governing Board and Support Team**