



European Institute of
Innovation & Technology

A body of the European Union



EIT Community

best practices in
Financial Sustainability

Case studies of innovative
approaches from:

- EIT Urban Mobility
- EIT Health
- EIT Digital

2023

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The **EIT** is Europe's largest innovation ecosystem – with 3 200+ partners working across more than 70+ innovation hubs in Europe and beyond. We are the only innovation body with on-the-ground presence in every EU Member State and beyond.

We succeed by uniting business, research, and education into Knowledge and Innovation Communities (KICs).

Our nine KICs:

- Educate entrepreneurs through our education programmes
- Empower researchers to find smart solutions to pressing challenges
- Nourish ventures through business creation and acceleration services

EIT Financial Sustainability Activities:

The **EIT KICS** have the ultimate goal of being self-sustaining organisations that no longer need the EIT grant. To that end, they have each devised strategies and programmes best suited to their fields related to climate change, digitalisation, sustainable energy, food, health, raw materials, manufacturing, urban mobility, and the cultural and creative sectors. EIT KIC Financial Sustainability activities are designed to help the KIC achieve autonomy while still accomplishing their missions of driving positive societal change through innovation.

The EIT model has already delivered:

- EUR 550+ million provided in EIT funding for business creation activities (2017-2021).
- EUR 5.8 billion in investment attracted by EIT KIC-supported start-ups and scale-ups (2017-2021).
- 5 479 start-ups and scale-ups supported (2017-2021).
- 900 + (56%) of the EIT's supported start-ups are from the EIT Regional Innovation Scheme (RIS) countries (2017-2021). The EIT RIS boosts the innovation performance of countries with moderate or modest innovation scores as defined by the European Innovation Scoreboard.
- Strong links to local, national, regional, and European Union (EU) level investors and partners.

This document brings together three case studies which demonstrate how the unique EIT model helps generate innovative solutions and new approaches in Financial Sustainability. By empowering KICs to try solutions that best suit their unique organisational set ups, the EIT is making sure each innovation community will be able to continue their education, business, and innovation activities sustainably and independently.

A challenge like no other: Testing directly on cities through **EIT Urban Mobility's RAPTOR**



Conventional standard external interventions do not always do the best job of helping cities meet the urban mobility challenges of the moment. That is especially true as those challenges become both more complex and more demanding in speed and resources. EIT Urban Mobility's RAPTOR helps municipal governments and their start-up/scale-up partners identify their top priorities and all the obstacles that might get in the way of better and more sustainable urban mobility. It then empowers cities by putting them in charge of a challenge-based pilot that can generate a qualified deal flow of innovative solutions.

RAPTOR pilots have been deployed in 12 cities over the course of 2022: Brussels, Toulouse, Cunit, Sant Joan Despi, Bratislava, Prague, Cluj-Napoca, Riga, Tallinn, Istanbul, Cascais, and Tel-Aviv. These cities were able to precisely define their priorities through RAPTOR's bottom-up mechanism. Their total of 19 themes covered topics as diverse as school mobility, sea taxis, and smart data collection.

RAPTOR



RAPTOR is implemented over three stages:

- Defining and launching the challenge
- Collecting applications and selecting winners
- Developing and testing a minimum viable product (MVP) on the city itself over the course of five months with constant interaction between the city government and EIT Urban Mobility experts



Results of the 19 current projects

- 225 applications received from start-ups, scale-ups, and small-to-medium-sized enterprises (SMEs)
- 10 to 12 proposals per challenge on average
- EUR 470 k in equity investment generated towards EIT Urban Mobility's Financial Sustainability plan

RAPTOR is designed for speed and economy

This helps EIT Urban Mobility feed different components of its Financial Sustainability at the same time. RAPTOR engages with the KIC's core stakeholder group – city governments – and generates a significant deal flow of applicants ready to test and commercialise urban mobility innovation. It provides EIT Urban Mobility with equity and revenue earned in return for its support to start-ups' equity positions.

RAPTOR helps cities find what they need



"RAPTOR could help us find the best teams and solutions across Europe to find solutions to our Resilient and Sustainable Urban Plan challenge"

Petra Dzurovčinová - Chief Innovation Officer
at City of Bratislava

"The RAPTOR programme helped us to look at different solutions developed across Europe, and made us think about new ways to introduce innovations in Riga."

Inese Andersone - Head of Riga City
Development Committee



EIT Urban Mobility and its partners benefit from the outcomes of the challenges

The RAPTOR model offers EIT Urban Mobility multiple benefits. Most importantly, it:

- Provides a bottom-up mechanism of collaboration with city partners that has proved robust and agile with a good level of interactivity
- Accelerates the generation of mobility-related innovation and start-ups/scale-ups for both the KIC's ecosystem and its customer base
- Creates a virtuous cycle of benefits between the KIC's activities and its "quadruple helix" partners
- Empowers the KIC's Hubs with a touch of decentralisation
- Produces short-term income and mid-term income-generating patterns



Investors benefit directly from RAPTOR's deal flow dynamics, especially since they are directly involved in the pre-scouting and evaluation of applicants to the challenge. Over the five months of the project implementation period, they get to scrutinise the capabilities and potential of applicants' inventions up close.

Selected applicants, meanwhile, are supported by EIT Urban Mobility during the deployment of their innovation across targeted city markets through activities like business creation support and investment.

Entrepreneurs get a testing ground like no other

"RAPTOR gave us a precious opportunity to test our technology in a tier 1 city (Tel Aviv). We have a great local partner assigned to us. They helped us to understand the market, communicate with the municipality office, and engage with our trail users. We cannot recommend this opportunity highly enough!"

Josh Liu - Founder at Mosa



"RAPTOR is really an amazing program for testing and validating innovative solutions in a real city environment and supported by great people!"

Simone Leomanni - Founder and CEO at Social Tech Project

Future prospects are bright as RAPTOR grows in size

The next step will be to duplicate RAPTOR at the national level to address larger-scale problems by using the same bottom-up model. It will also adapt to serve industrial leaders and corporations who want to try new approaches with EIT Urban Mobility's roster of start-ups and scale-ups.

Companies get more options to grow thanks to EIT Health and the EIC's CollabPilot



Our model is easy to replicate across all associated organisations and easy to scale-up. By partnering with us, businesses do not just get funding; they get a whole community ready to guide them with unique tools and expertise every step of the way. Fostering our model is just a matter of finding enough mentors and partner organisations to operate our tools.

It is a huge benefit for students, too. The programme gives them direct work experience within companies and top industry events.

Both **EIT Health** and the **EIC** offer grant and funding opportunities to entrepreneurs and healthcare providers to enhance the “EU’s innovation and breakthrough technologies and companies in healthcare.” EIT Health has found a way to coordinate with the EIC to make it easy for start-ups to work between the two of them and access each of their unique tools and activities.

The solution – the CollabPilot initiative – helps the most promising healthcare start-ups easily navigate EIT and EC programmes based on their specific needs. For example, EIC beneficiaries can access EIT Health Bootcamps to explore their full market potential. Inversely, EIT Health start-ups can have their application for the EIC Accelerator fast-tracked, giving them a better chance of accessing EIC funding and business support services.



CollabPilot makes services available for every stage of building a business

The ability to combine and access a variety of EIT and EIC instruments gives companies a new perspective on what’s possible for their own development. EIT and EIC activities and networks are often complementary, applying to different stages of a venture’s scaling-up process. EIT-EIC collaboration can lead to:

- Exploring EIT-EIC co-investment in promising healthcare champions
- Identifying EIC Pathfinder grantees who could benefit from and feed the EIT Health start-up deal flow
- Completing the offering to both EIC and EIT Health start-ups at different stages of their development
- Adding more funding opportunities to EIT Health’s portfolio
- Helping the EIC and EIT avoid programme overlap
- Identifying the most well-suited company ideas for the EIC Accelerator
- Expanding the deal flow of the EIT and EIC, along with ways to apply EIT Health financial sustainability mechanisms (options, success fees, or royalties)

Business founders and investors, meanwhile, get a more robust business model, greater investment readiness, and higher quality deal flows to EIT Health-EIC associated investor communities.

- 15 start-ups joined EIT Health's flagship programmes through CollabPilot
- 20 EIT Health alumni were selected and supported through the Fast Track scheme with the EIC Accelerator
- Lessons learned from EIT Health-EIC collaboration enabled EIT Health to foresee EUR 1 M in cumulative income for the 2023-2025 period directly generated through EIT Health-EIC-generated deal flows

All KICs can offer the same complementarity with the EIC

The virtuous cycle of collaboration created between EIT Health and the EIC can be replicated with other KICs. KICs can make use of the fact that:

- Their own network of start-ups are seeking similar benefits to those in the EIC's network
- The KICs and the EIC all offer diverse support and services that could complement each other at different stages of a business' development
- KICs' specialised expertise in their own sectors is a valuable asset for the EIC, along with the KICs' growing value in deep tech (AI, semiconductors, quantum computing, and the like)

Replication should work as long as the complementarities of EIT-EIC programmes are well communicated to business creators and as long as they understand that a fast-tracked application is not the same as an accepted application for the EIC Accelerator.

Workarounds to potential obstacles

EIT Health had to overcome initial challenges in its collaboration with the EIC, especially with regards to accessing data on the EIC's business network. Solutions they found were:

- Using publicly accessible information through DealRoom and DealFlow
- Elaborating datasets to better select suitable beneficiaries from among the EIC's



EIT Digital and EIF collaboration shows affordability and inclusivity go hand in hand



While EIT Digital's education programmes are designed to directly address digital skills gaps, certain hard realities deter potential students from dedicating time and resources to taking EIT Digital's courses. EIT Digital recognised that the tuition fees of some of its Master Schools came in contradiction with commitments to inclusivity and diversifying the tech sector in Europe.

To remove this obstacle, it started work in 2021 with the European Investment Fund (EIF) to provide a tuition fee payment deferral scheme which defers students' obligation to pay tuition by 30 months. In addition to the deferral, there are no charged interest rates. There is only a flat EUR 120 administrative fee to be paid upfront and a solvency statement students must provide when asking for the deferral. That gives students more breathing room to secure employment with their new skills to properly be able to pay for their education. And that gives prospective students the ability to view the EIT Digital Master Schools as opportunities that are open to them without being distracted by the obstacle of tuition.

Early signs of success are apparent for all involved

The deferral scheme helped EIT Digital Master Schools retain an estimated 10% of its students in the face of post-COVID 19 complications. It also facilitated the admission of more non-EU students. The combination of these positive effects rippled to EIT Digital university partners. The EIF, meanwhile, was able to use this pilot to experiment with collaboration with another EU instrument and was able to rely on EIT Digital for implementation. Its partnership with EIT Digital also helped the EIF with its role in supporting digital skills, a key EU priority embedded into its Skills & Education Guarantee.

How the EIT Digital-EIF partnership works

EIT Digital is responsible for:

- Administration of interaction between the students and the EIF
- Pre-financing of the deferred tuition fee payment
- Fee credit collection
- Periodic reporting to the EIF on the performance of the deferral scheme

The EIF is responsible for:

- Covering any deferred payments that might eventually not be recovered at a guarantee rate of 80% of each defaulted amount up to a maximum cap

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Evaluation data shows promise

It may be too early to quantify the impact of the pilot as only 160 students (10% of candidates since 2021) have asked for the deferral. Qualitative data, however, shows that this new mechanism could improve EIT Digital's KPI achievement and increase the number of satisfied customers and users.





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