

The EIT: towards an entrepreneurial driven innovation impact investment institute

Prof. Alexander von Gabain

Chairman Elect of the EIT Governing Board

SIA Stakeholder Conference: "The EIT's Vision for the Future"

Budapest – 14 April 2011

Biotech example: EU has strong assets to support a strong entrepreneurially driven industry

HOW TO CAPITALIZE ON THE ASSETS?

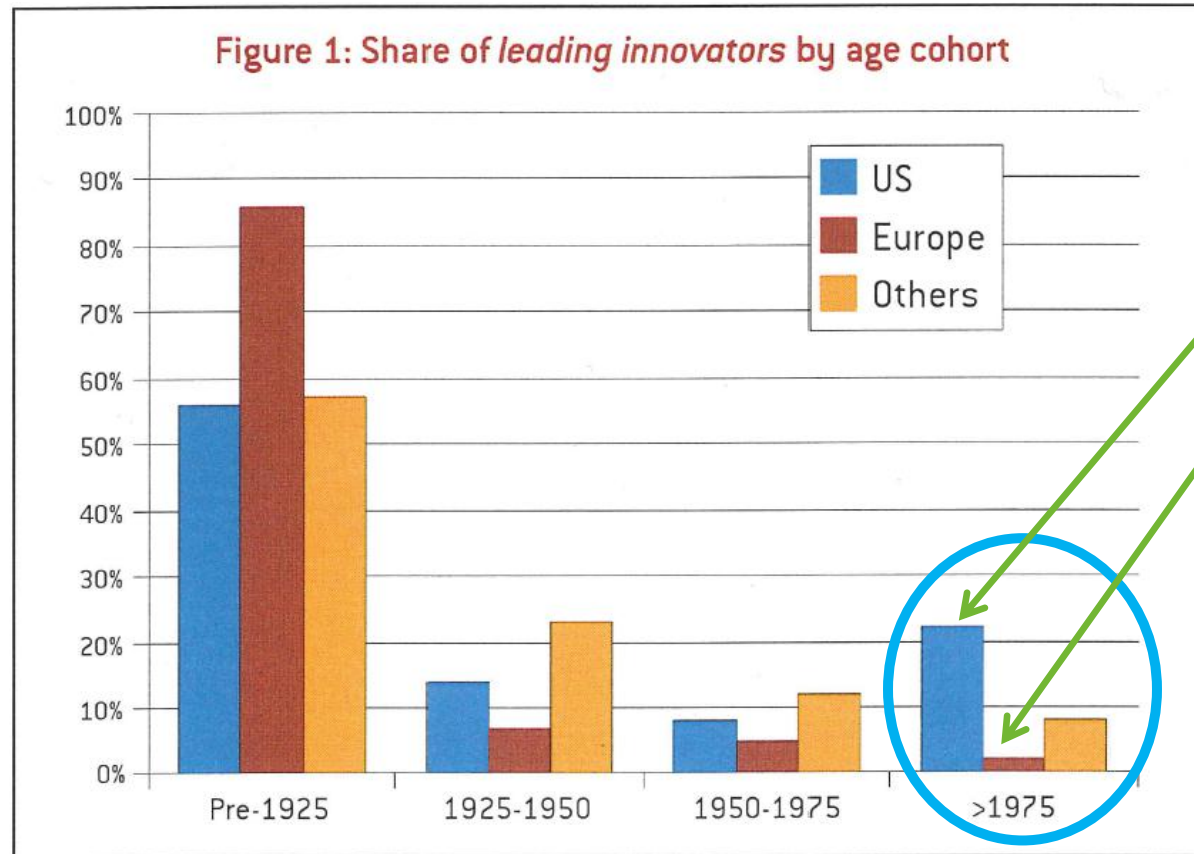
- High level of education
- Solid academic base
- Top science at many historical power houses of research: EMBO, Pasteur, Karolinska, Cambridge, Oxford, Max Planck, VBC etc..
- Increasing number of Centers of Excellence
- Long tradition of pharmaceutical development and industry
- Excellent clinical institutions with the potential to carry out studies
- Growing interaction between the national bio-medical scenes
- Scientific output in biotech is even larger than in the USA

Biotech example: Does European biotech exploit its chances?

CREATING VALUE _ CREATING JOBS

	Europe	USA
No. of employees	63,000	172,000
Average Investment per year	EUR 6 bn	EUR 18 bn
Public listed	<10%	>30%
Total value of companies	EUR ~30,000 bn	EUR ~300,000 bn

Age Distribution of Companies' Contribution to Innovation: Europe v. US and Others



US: approx
21%
EU: approx
2%

Source: author's calculations. Note: Figure based on a sample of 226 companies, obtained from matching firms in the FT Global 500 from 2007 with the 2007 EC-IPTS Top 1000 EU and non-EU R&D scoreboard companies. Leading innovators are thus defined both by their market capitalisation and R&D expenditures. The US has 80 companies in this sample, Europe 86 and other countries 60.

Nobel, Citroen, Siemens, Reuter, Merrieux - history? Boyer, Gates and Zuckerberg - US-reality!

• HOW TO MOTIVATE KIDS TO SET UP GARAGE COMPANIES IN EUROPE?



- One definition of entrepreneurial innovation:
“A Grapefruit is a lemon who took a chance”

Changing the mindset: the first step towards innovative entrepreneurship

OUR HORIZON NEEDS TO BE RESHAPED

- **Joseph Schumpeter:**

The entrepreneur uses the invention, new idea and transforms it into a product and thereby brings the innovation to the market

- **Academic success is not enough:**

"Dear Alex, he (Bill Gates) and I were in the same class at university - but he was smarter and didn't graduate. Cheers Rich" (Richard Hudson, former editor of Nature)

- **Career goals need to be redefined:**

When graduates from India and Europe are asked for their future plans, 25% of the Indian students want to become entrepreneurs, but only 2% of the European students

The Core of Innovation is the Knowledge Triangle driven by Entrepreneurship

Actors in the knowledge triangle are at the core of the **innovation web**



EIT - an Innovation Impact Investment Institute

- The EIT is an EU Institute that **encourages, seeds** (25%) and **enables** existing European education, research and business **hotspots** to form entrepreneurial and excellence driven innovation clusters - its **KICs**
- The KICs are driven by **entrepreneurship** to provide **higher innovation impact**

EIT and KICs Impact

Impact achieved through:

- addressing key **societal challenges**
- fostering world-class innovation hotspots through **co-location**
- turning ideas into **business creation** through entrepreneurship and;
- promoting the attractiveness of entrepreneurial education by **EIT labelled degree programmes**

Co-location Hotspots

Climate-KIC:

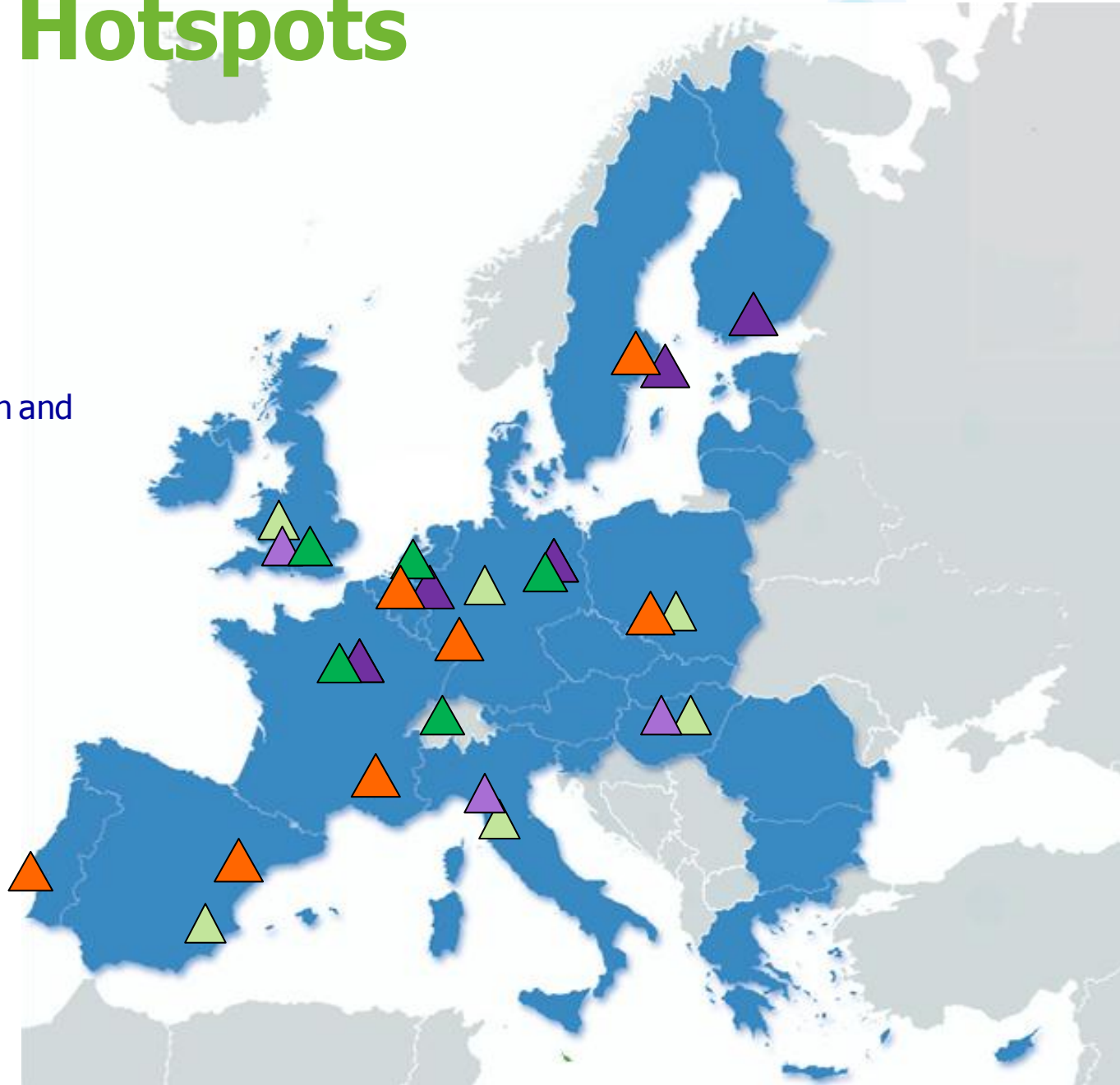
- ▲ Co-location centre
- ▲ RIC (Regional Implementation and Innovation Centre)

EIT ICT Labs:

- ▲ Co-location centre
- ▲ Associate partner

KIC InnoEnergy

- ▲ Co-location centre



KICs' Specificities

- **Smart Funding**

- EIT funding or seeding of the KICs accounts for only 25% of the total KIC budget.
- Remaining 75% reflects the commitment of the KIC partners and comes from the partners' own resources and regional, national or European funding attracted by the partners.

- **Legal and financial entity**

- Core partners have formed legal entity
- Led by a CEO under a supervisory board
- Business plans as a moving target
- Governance structures differ from KIC to KIC

- **Culture**

- KICs are shaped by strong entrepreneurial mindsets and cultures
- Driven by common visions and goals/impact expressed in their business plans.

EIT Strategic Work streams: next steps

1. Building up of the EIT and the KICs by further development of the EIT HQ and of all KIC co-location centres as a hotspot driving innovation;
2. Further development of entrepreneurship education within KICs sealed and branded by an EIT label;
3. Continued focus on new business creation within KICs based on entrepreneurship leading to
 - i. new products and services for existing industry,
 - ii. new businesses and SMEs and
 - iii. better entrepreneurially minded and trained people.

EIT Major Challenges

- Stabilizing and anchoring the EIT autonomy while under the CSFRI* and maintaining key relations with EHEA*
- Enabling the KICs to become true 'innovation machines' driven by entrepreneurship

→ **From control to trust and relations based conducive to innovation**

→ **From smart funder to seed investor to impact investor**

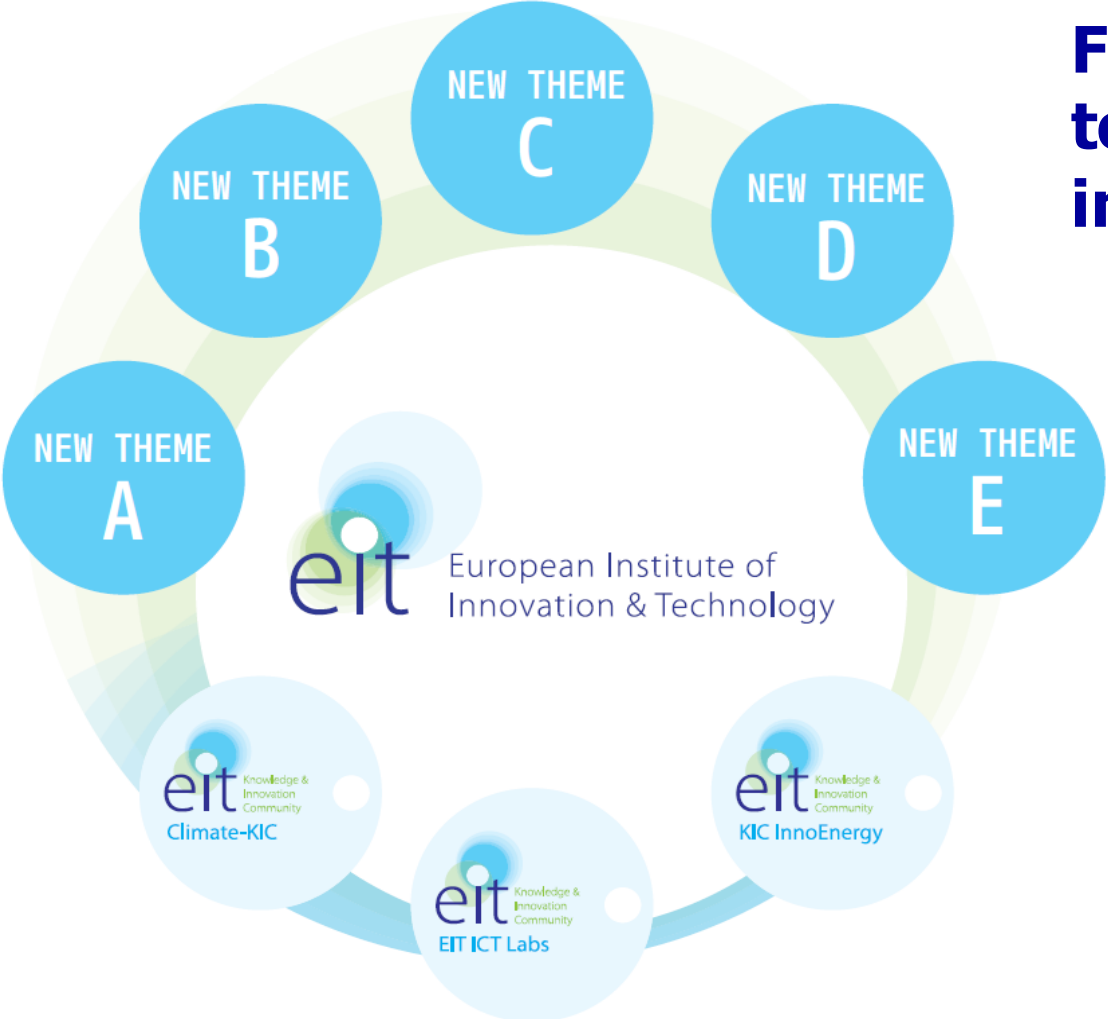
→ **From a risk averse to risk taking culture (inc. acceptance of failure)**

* CSFRI – Common Strategic Framework for Research and Innovation

* EHEA – European Higher Education Area

The EIT's Vision for the Future: Strategic Innovation Agenda (SIA)

**From the current 3 KICs
to a second round of
investment after 2013**



Initial Ideas for Potential Future KIC Themes

Initial theme ideas for the envisaged new KICs that are to start activities in 2014 include:

- **Added value manufacturing**
- **Ageing population**
- **Biotechnology**
- **Food4Future**
- **Healthy childhood**
- **Human learning and learning enhancements**
- **Security and safety**
- **Territory and smart cities**



L
L E A R N
D

Thanks!