



European Institute of
Innovation & Technology

CONFERENCE REPORT



Foreword

I am very proud to present to you the outcome and results of the EIT Conference 'Good Practices and Learnings: linking business, research and higher education' held in Copenhagen on 25 and 26 June 2012. This event attracted over 300 participants in person and more than 360 viewers of the live stream footage online. It was the first ever EIT event of this scale at which we were able to actively engage with and reach out to a wider range of stakeholders across Europe.



The main objective of the Conference was to illustrate how the EIT implements its model and mission in practice, and to showcase its activities, achievements and developments to date at all levels: EIT as an institute, Knowledge & Innovation Communities and Co-location Centres. To that effect, the Conference sessions were designed to provide participants with an in-depth understanding of EIT activities that would allow them to benefit from the lessons learnt during the implementation of its ambitious agenda.

Additionally, the Conference served as a forum for representatives from all sides of the knowledge triangle as well as politicians and policy makers to interact and build bridges. The different sessions provided the framework of wider discussions on how innovation has been fostered to date and what can be done to direct innovation policies in the future. Indeed, the two days were buzzing with lively discussion and debate – not only during the interactive sessions, but also around the coffee tables!

The EIT is particularly grateful for the political support it received for this event. First and foremost to the Danish Presidency of the Council of the European Union for including the EIT Conference as an associated conference within its presidency programme, and for Minister Østergaard's endorsement of the EIT concept and results, but also to Commissioner Vassiliou and MEP Matias for their words of support and encouragement.

The EIT would also like to express its thanks to its host, Copenhagen Business School, for providing its premises, technical equipment and ever-helpful staff. And last, but certainly not least, the EIT wishes to thank wholeheartedly all contributors and participants of this event for making it an informative as well as enjoyable two days!

José Manuel Leceta

EIT Director

CONTENTS

Day 1 – 25 June 2012

1. Opening of Conference

- *Per Holten-Andersen*, President, Copenhagen Business School;
- *José Manuel Leceta*, Director, European Institute of Innovation and Technology (EIT)

2. Welcome Speeches

- *Morten Østergaard*, Danish Minister for Science, Innovation and Higher Education, EU Presidency
- *Androulla Vassiliou*, European Commissioner for Education, Culture, Multilingualism, and Youth, European Commission
- *Marisa Matias*, Member of the European Parliament, Rapporteur for the Strategic Innovation Agenda of the EIT, European Parliament
- *Alexander von Gabain*, *Chairman of the EIT Governing Board*, European Institute of Innovation and Technology (EIT)

3. Keynote Speech: Building the High Growth Firms of the Future

- *Carl J. Schramm*, 'Evangelist of entrepreneurship'

4. Roundtable: Next Generation Innovation Policies

- *Moderator: Prof. Dr. Reinhilde Veugelers*, Senior Fellow Competition, Innovation & Sustainable Growth, Bruegel
- *Alessandro Cenderello*, Head of the EU Institutions Practice and Global & EMEA Advisory Services Leader for Government and Public Sector, Ernst & Young, 'Next Generation Innovation Policy' report

5. Prof. Keld Laursen, Department of Innovation and Organisational Economics, Copenhagen Business School

- *Karen Wilson*, Structural Policy Division of the Science, Technology and Industry Directorate, OECD
- *Prof. Jonathan Wareham*, Vice- Dean of Research, ESADE Business School
- *Wolfgang Burtscher*, Deputy Director-General, Research & Innovation (R&I), European Commission
- *Giovanni Colombo*, Member of the Governing Board and Executive Committee, EIT

6. Setting the Scene: KICs State of Play and the Principle of strategic agenda co-creation

- *Chair: Jose Manuel Leceta*, Director, EIT
- *Mary Ritter*, CEO, Climate-KIC
- *Willem Jonker*, CEO, EIT ICT Labs
- *Diego Pavia*, CEO, KIC InnoEnergy

CONTENTS

Day 1 – 25 June 2012

7. Parallel Session 1: Education for Innovation, Entrepreneurship and Creativity

- Chair: *Karen Maex*, Member of the Governing Board, EIT
- *Hannu Tenhunen*, Education Director, EIT ICT Labs
- Student testimony: *Alexander Yin*, EIT ICT Labs
- *Torsten Fransson*, Education Director, KIC InnoEnergy
- Student testimonies: *Frederik Geth* and *Shourov Akter*, KIC InnoEnergy
- *Richard Templer*, Education Director, Climate-KIC
- Student testimonies: *Kate Hofman* and *Moritz Meenen*, Climate-KIC
- *Kurt Deketelaere*, Secretary General, League of European Research Universities (LERU)
- *John H. Smith*, Deputy Secretary General, European University Association (EUA)
- *Nevena Vuksanovic*, Member of the Executive Committee, European Students Union (ESU)

8. Parallel Sessions 2: Entrepreneurship and Business Creation

- Chair: *Daria Tataj*, Member of the Governing Board and Executive Committee, EIT
- *Hero Prins*, Director of Entrepreneurship, Climate-KIC
- *Klaus Beetz*, Business Director, EIT ICT Labs
- *Elena Bou*, Business Creation Director, KIC InnoEnergy
- *Christian Gehl*, CEO of Trifense
- *Rosa Vilarasau*, Partner and Co-founder of Think Co2/NOEM
- *Richard Pelly*, Chief Executive, European Investment Fund (EIF)
- *Chiara de Caro*, General Manager, European Association for Business Angels (EBAN)
- *David Caro*, Vice- President, European Small Business Alliance (ESBA)

9. Parallel Session 3: World-Class Research & Innovation Culture

- Chair: *Linnar Viik*, Member of the Governing Board, EIT
- *Daniel Zimmer*, Director of Innovation, Climate KIC
- *Frank Diedrich*, CC Germany Manager, KIC InnoEnergy
- *Olivier Festor*, Research Director, EIT ICT Labs
- *Michel Vanavermaete*, IT and Projects Manager, Eurostars Programme Operations Manger, EUREKA
- *Celia Gavaud*, Executive Secretary, European Network of Innovation Agencies (TAFTIE)

CONTENTS

Day 2 – 26 June 2012

10. Keynote Speech: Locally Driven World-Class Innovation

- *Alexander von Gabain*, Chairman of the Governing Board, EIT

11. Initial Findings on Novel Practices in the Knowledge Triangle

- *José Manuel Leceta*, Director, EIT
- *Patries Boekholt*, Managing Director, Technopolis Group

12. Climate-KIC Presentation

- *Mary Ritter*, CEO, Climate-KIC
- *Christophe Williams*, Managing Director of Naked Energy
- *Sixto Santonja-Hernandez*, Climate-KIC Pioneers in the Pioneers into Practice program

13. EIT ICT Labs Presentation

- *Willem Jonker*, CEO, EIT ICT Labs
- *Hannu Tenhunen*, Education Director, EIT ICT Labs
- *Klaus Beetz*, Business Director, EIT ICT Labs
- *Olivier Festor*, Research Director, EIT ICT Labs

14. KIC InnoEnergy Presentation

- *Diego Pavia*, CEO, KIC InnoEnergy

15. Discussion and Q&A with KIC CEOs on preceding KIC presentations

- Moderator: *Patries Boekholt*, Managing Director, Technopolis Group
- *Mary Ritter*, CEO, Climate-KIC
- *Willem Jonker*, CEO, EIT ICT Labs
- *Diego Pavia*, CEO, KIC InnoEnergy

16. Roundtable: Integrating the Knowledge Triangle

- Moderator: *Karen Wilson*, Senior Fellow, Kauffman Foundation
- *Anne Glover*, Chief Scientific Advisor to European Commission President Jose Manuel Barroso
- *Björn Asheim*, Director of Centre for Innovation, Research and Competence in the Learning Economy (CIRCLE), Lund University
- *Ajit Narayanan*, Indian Innovator of the year (MIT Technology review)
- *Jasper Boessenkool*, Head of Strategic R&D, Maritime Technology, A.P. Moller-Maersk A/S
- *Yrjö Neuvo*, Member of the Governing Board and Executive Committee, European Institute of Innovation and Technology (EIT)

CONTENTS

Day 2 – 26 June 2012

17. **An Outlook towards 2020**

- *Xavier Prats Monné*, Deputy Director-General, DG for Education, Culture, Training, and Youth (DG EAC), European Commission
- *José Manuel Leceta*, Director, EIT

18. **Open Q&A session with KIC CEOs: everything you've ever wanted to know about establishing and operating a KIC**

- Chair: Jose Manuel Leceta, Director, EIT
- Mary Ritter, CEO, Climate-KIC
- Willem Jonker, CEO, EIT ICT Labs
- Diego Pavia, CEO, KIC InnoEnergy

Summary & highlights

Day 1 – 25 June 2012

1. OPENING OF THE CONFERENCE

JOSÉ MANUEL LECETA, the EIT director, addressed and welcomed the Danish Minister for Science, Innovation and Higher Education, Member of the European Parliament, the Chairman of the EIT Governing Board, all distinguished speakers and the numerous participants. He expressed his gratitude to the host, Copenhagen Business School (CBS), for their professionalism and dynamism and for creating a true family spirit for the organisation of the conference.



Mr Leceta also emphasised his thanks to the Danish Government for providing the opportunity to organise the EIT conference under the auspices of the Danish Presidency. He outlined that the event was intended to serve as a forum within the framework of a wider discussion on the future of innovation policies and the integration of the knowledge triangle (business, research, higher education) both within the EU and globally.

PER HOLTEN-ANDERSEN, President of the Copenhagen Business School (CBS), briefly presented some background and statistics on students' enrolment at CBS, the largest business school in Europe. He emphasised that CBS shares the EIT's aims and that one major role of universities is to enhance innovation. The President wished all participants a fruitful conference and emphasised the impact of this event taking place at CBS.

2. WELCOME SPEECHES

MINISTER ØSTERGAARD, Danish Minister for Science, Innovation and Higher Education, pointed out that Europe is in a very difficult situation with a severe economic crisis and that the only way to create new growth and jobs is by investing heavily in knowledge and innovation and to collaborate together. He expressed his great pleasure that the partial general approach on Horizon 2020 had been agreed during the Danish Presidency. He also mentioned that the EIT had been discussed several times during the 6 months of the Presidency, and that he was very glad to see that the EIT and the KICs could present the first tangible results. He expressed confidence that the EIT would be able to address some of the problems the EU is currently facing.

COMMISSIONER VASSILIOU, European Commissioner for Education & Culture, (per video message) highlighted that the concept of the EIT is working and is attracting the best players from academia, business and industry. She underlined that the initial success demonstrates that a strong EIT is a powerful tool for delivering real change in the way Europeans approach innovation. She stated that the EIT has the potential to change an entire mind-set and to bring about a more entrepreneurial culture with close involvement of universities. She stressed that this political ambition is also reflected in the planned budget increase for the EIT. She also expressed gratitude to the Danish Presidency for giving the EIT and the KICs the opportunity to showcase their work and achievements and to draw lessons from their first years of activity.

MEP MATIAS, Member of the European Parliament, informed participants about the discussions in the European Parliament (EP) with regards to Horizon 2020 and the EIT, in her capacity as the rapporteur on

the Commission's proposal for the EIT's Strategic Innovation Agenda. She confirmed that, generally speaking, the EP believes in the EIT concept and considers it a key strategic instrument to generate growth and jobs. Ms Matias concluded by highlighting that the EIT should be seen as an Institute and as an important innovation partner in Europe and beyond.

ALEXANDER VON GABAIN, Chairman of the EIT, reiterated his gratitude to the Danish presidency and underlined the importance to report back to the wider stakeholder community and the citizens on first tangible results of the EIT and its KICs. He stressed that the knowledge triangle is also a matter of communication. He stated that the true dilemma is the mentality of silos and that innovation needs an open mind. Mr von Gabain also presented to the audience the strategy, mission and the objectives of the EIT and its innovation factories, the Knowledge and Innovation Communities ('KICs'), along with their impact and good practice examples on the European innovation landscape. He also briefly outlined the milestones of the EIT since 2008, when the EIT was established by the Council and the EP until November 2011, the date that marks the submission of the proposal of the 2014-2020 Strategic Innovation Agenda (SIA) by the European Commission to the Council and European Parliament. He concluded his speech by emphasising the future direction of the EIT, which would see a deepening and widening of the KICs via the proposed new themes to be launched in 2014 and 2018, and via the proposed budget increase that is backed by the European Commission.

3. KEYNOTE SPEECH: BUILDING THE HIGH GROWTH FIRMS OF THE FUTURE

CARL J. SCHRAMM, who has been hailed the 'evangelist of entrepreneurship', started off by explaining that he had chosen to discuss high-growth firms as a catalyst topic for the conference. Statistically, the important question that faces the world, and particularly the Western world, is an issue of growth, in other words employment. The most important phenomenon to understand is therefore the creation of new firms and companies - since without them, economies cannot exist. The firm is in fact the productive unit of a modern economy and yet we know very little about firm creation. Consequently, we need to understand who they people that start businesses are, and to challenge preconceived ideas of a typical entrepreneur as a recent college graduate geek. An analysis conducted by the Kauffman Foundation shows that the five hundred fastest-growing businesses in the US were started by people who were forty years old (or above) at the time of the start of the business.



At the moment the US thinks, very much like in Europe, in industrial policy terms. It is for that reason that big companies have been saved, banks are being underwritten so that they cannot fail and that anti-competitive strategies have been implemented – all with the aim of achieving 2% growth in 2012. What is noteworthy is that almost 45% of GDP in the US this year comes from firms that did not exist in the 1980s. Kauffman research now suggests that if the US could add twenty new firms a year, a billion dollars in sales could be achieved in the first 20 years of their existence and that GDP could move up 1.4 %.

Statistics show that the US on an average basis brings 30 firms across the 1 billion dollar sales top line every year for the first time. By way of comparison, Europe as a whole produces only two such firms a year (in a good year); Israel nine.

Entrepreneurial ecosystems should consist of four elements: research, universities, entrepreneurs and government. He explained that government also had a critical role to play, and that the ecosystem should span widely: Europe should be conceived as one whole ecosystem. Important also to note is that the entrepreneurial ecosystem cannot be guided centrally and that saving big companies through government intervention in fact slows down growth. He also argues that often the collapse of an industry can in fact be the trigger needed to drive entrepreneurial culture and spirit as individuals see the opportunity to break off and create new firms and industries. In this sense, the chaos of individual chasing their own visions can lead to much more growth than a collectively and centrally determined cluster of ideas.

Carl Schramm ended his speech by underlining the fact that World Bank statistics show that in the last thirty years, at least thirty to thirty-five per cent of the world population have moved away from destitute poverty into middle class. The reason for this, he explains, is largely because India and China have adopted entrepreneurial economies – which is many times at odds with the political ideology of the country in question. But they have done this with the understanding that in order to keep the political stability, economic growth must emerge. And the only approach to economic growth is the creation of new firms.



4. ROUNDTABLE: NEXT GENERATION INNOVATION POLICIES

This first Roundtable discussion aimed to set the scene regarding current and future innovation policies, in order to provide participants with an understanding of the context within which the EIT operates, i.e. the challenges and opportunities that arise from the innovation environment in Europe. This session was placed under the following guiding questions by the moderator: How can innovation deliver growth? In which timeframe? And for whom? In particular in a European context where there is an innovation gap, where there is an unequal distribution of innovation-drivers and where there is an under-representation of high growth innovative companies.

PROFESSOR VEUGELERS, Senior Fellow Competition, Innovation & Sustainable Growth Bruegel, as moderator, pointed out that challenges already existed before the current economic crisis but that they have become even more acute. The mission of addressing the grand challenges is calling for new perspectives, intensive research and instruments to stimulate growth.

ALESSANDRO CENDERELLO, Head of the EU institutions Practice and Global & EMEA advisory Services Leader for Government and Public Sector, Ernst & Young, commented on the results of a study conducted by Ernst & Young which collected the views on European Innovation policy of exceptionally successful European companies. Some of the main findings he reported on are that:

- 82% of respondents would like to see easier access to European funds
- European rules are judged to be very complex and bureaucratic; some of the companies went to the US to fund their growth
- Respondents recognise the collaboration between large and small companies as essential
- EU institutions are called upon to be more focused on the creation of clusters to open new markets and new technologies, and public procurement in support of innovation.

It was recognised by the Panellists that a lot of the requests emerging from the study are covered within the remit of the EIT.



PROF. KELD LAURSEN, Department of Innovation and Organisational Economics, CBS, highlighted the paradox that innovation has a central importance for European growth and prosperity but that innovation is uncertain by nature. What is needed is:

- Easier access to support at an earlier stage in the investment cycle
- Excellent research based results
- Policies to diffuse best practices of organisation design
- The involvement of social scientists in analysing the effects of mobility

KAREN WILSON, Structural Policy Division of the Science, Technology and Industry Directorate, OECD, echoed the point that innovation is needed today more than ever both at the social and economic level. Working on innovation strategy is therefore crucial and innovation needs to be understood in a broader sense than R&D i.e. as processes, methods, software, know-how, and collaboration. The OECD has been tasked to start the measurement of these intangible assets which have an impact on productivity. Ms Wilson also mentioned another problem inhibiting innovation in Europe: the culture of perceiving failure negatively. She also suggested that the role of government is key in developing the skills required by the job market and that the role of public money should be to encourage private investors.

PROF. JONATHAN WAREHAM, Vice-Dean of Research, ESADE, referred to historical examples to make the case to focus on doing one thing and doing it right. The underlying rationale being that a lot of technologies are spill-over from military research aimed at solving well-defined crisis problems.

Therefore, his argument is that there is a need to generate a sense of urgency and around a problem in order to mobilise resources. A counter-example is the principle of an EU directive which can be diluted at national level, each Member States having the freedom to adapt it. His strongest recommendation to policy makers is to be focused and demand driven.

DR. WOLFGANG BURTSCHER, Deputy Director-General, Research & Innovation (R&I), European Commission, highlighted the fact that Europe is losing ground with respect to innovation compared to the US and Japan. The three main reasons he lists for this gap are the underinvestment in R&D from the private sector, the lack of knowledge transfer from research to business and the underdevelopment of venture capital.

He reminded participants of the multitude of stakeholders involved in addressing the innovation challenges, that EU research funding represents only 5% of the total research funding in Europe, and that the EU can only legislate in its areas of competence. Horizon 2020 is designed to break with the past and address the innovation gap through an increased budget, more integration of research with innovation and easier access. He also stated that the best example of establishing better links between research and the markets is the EIT.

GIOVANNI COLOMBO, Member of the EIT Executive Committee, recalled that Horizon 2020 is based on the criteria of smart, sustainable and inclusive growth, but that to date too much emphasis was being placed on competitiveness and growth. In terms of driving sustainability and inclusiveness, the non-for-profit sector should not be forgotten. In addition, Europe is limited by its lack of coordination and it is important to reconcile both local and global perspectives. Mr Colombo shared his view that the regions are the links between the local and global levels and therefore need to be recognised as the most important actors to help in order to support the society in undergoing radical changes.

In relation to the EIT, he stated his view that it is a good model for experimenting. It is looking at the local dynamic and it has the ambition to become a role model addressing not only the *what* but also the *how*.

Following a round of Questions and Answers, the following points were made:

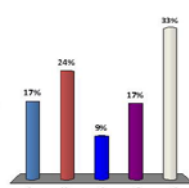
- The public sector should give incentives to innovation. The role of the public sector is significant - in some EU countries it represents more than 30% of the GDP.
- We should stop waiting for the right answer before taking action. Implementing and deriving data should help in getting things moving.
- There was a debate on how FP7 is perceived: income redistribution or focusing on excellence
- Innovation should not only be considered in the economic sense but also the social sense.

The discussions were sparked by real-time opinions provided by the audience:



2. What is the main reason for the Innovation Gap between the EU and other regions of the world?

- a) Fragmentation of the market and IP rules
- b) Lack of coherent European strategy
- c) Insufficient public funding
- d) Complexity of investment-related legislation
- e) Cultural

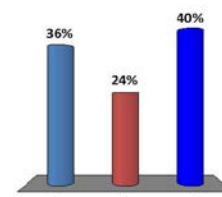


Roundtable: Next Generation Innovation Policies - Day 1 - Monday 25 June 2012, 15.00 - 16.30, Plenary Hall



3. At what level should innovation policy ideally be driven?

- a) Regional
- b) National
- c) European



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5. SETTING THE SCENE: KICS' STATE OF PLAY & THE PRINCIPLE OF STRATEGIC AGENDA CO CREATION

The objective of this session was to bring the discussion from Policies to Practice. JOSÉ MANUEL LECETA, EIT Director, expressed his hope that the EIT would be acknowledged as an organization that is proactive in working around Europe's innovation issues. The identification of any gaps in the EIT's remit would be taken into consideration in planning its development and improvement.

If the KICs are Europe's innovation factories, he stated, the EIT wants to be an Innovative Policies Factory. It wants to act as an innovator in terms of governance and operations, by working as a facilitator and by reversing the conventional top-down approach. Thus each of the KICs has its own governance structures and the "Forum" between the EIT and KICs is the place where the governance at community level is defined to create innovation and growth. One of the important roles of the EIT is to disseminate the benefit of the KICs to the rest of Europe.

Mr Leceta used the opportunity to express his pleasure at Ernst & Young's report "The Power of Simplicity", which gives great visibility to the EIT on the European and world innovation stage and describes the KIC and EIT model as successful to enable innovation creation agendas.



○ Climate-KIC

MARY RITTER, CEO of Climate-KIC, then proceeded to give an overview of the Climate-KIC organisation and activities. She explained that the ethos of Climate-KIC is "innovating for low-carbon prosperity and climate resilience". The major target themes for Climate-KIC are:

- climate measurement and impact assessment,
- water management and adaption,
- cities and production (Zero-Carbon system).

Climate-KIC now consists of a network of 110 partners in 5 so-called co-location centres, which are hubs that integrate different actors and activities. Co-location centres (CLCs) are usually located in top universities and are physical spaces where people get together and work on a specific activity but simultaneously act as marketplaces where ideas are traded.

In addition to these co-location centres, which exist in all three KICs, Climate-KIC has several RICs (Regional Innovation and Implementation Community), by means of which a deeper collaboration with local government at the regional level is possible. RICs are regional based but represent mainly public bodies and are test-beds for new experiments or implementation of what a CLC has developed. Government entities in fact play a fundamental role in this particular sector. The mix of partners is very varied from the whole knowledge triangle.

From the organizational point of view, the KIC is managed by a Governing Board and a CEO plus the Pillar directors.

The problem of environmental changes is very important even during the current times of crisis. Climate-KIC has established activities that are cross - boundary, -sector and –discipline and operates mainly via its 3 pillars of Innovation & Pathfinder, Entrepreneurship and Education in what is called the Innovation Pipeline.

- **EIT ICT Labs**

WILLEM JONKER, CEO of EIT ICT Labs, explained that innovation in ICT is as difficult as in other sectors, if not more so, due to the high growth that the sector has experienced in recent times, and to the fact that ICT still continues to drastically change peoples' lives. He mentioned that the topic for which it is most critical to develop innovation is the integration of the virtual and the real world. Another important aspect to bear in mind is to maintain ICT as a socially inclusive tool accessible to all sectors of society, rather than dividing society on the basis of their ICT skills.

The aim of EIT ICT Labs is to boost economic growth but also to enhance quality of life. To do so, it is necessary to create, grow and renew companies, techniques and methods. In order to achieve this, it is necessary to make use of money, skills and markets. But what is most important to achieve results is knowledge and talent. Those, according to Mr Jonker, are the basic ingredients of the Knowledge triangle.

The key pillar in the EIT ICT-Labs strategy is to act as a catalyst. It does this by supplementing existing projects by providing value-added KIC activities, by way of a toolbox of measures that can be applied. This toolbox will be revised and matured continuously based on the experience gained. EIT ICT Labs has three principal stakeholders are: large industry, but in particular SMEs and start-ups. Education is the second key pillar. In particular, the EIT ICT Labs Master school represents an important programme that had been recognised abroad.

Mr Jonker stressed that EIT ICT Labs works very hard to remain aligned with other European programmes and priorities. In that respect he mentioned in particular that a memorandum of collaboration had been signed recently in the presence of Commissioner Kroes and Vassiliou that acknowledged the EIT's contribution and role in the European R&D instruments landscape. In addition, efforts are being made to also align EIT ICT Labs' activities to national initiatives.

- **KIC InnoEnergy**

DIEGO PAVIA , CEO of KIC InnoEnergy, also gave a brief overview of the activities of KIC InnoEnergy, with a focus on explaining "Who they are" and "What they do". In particular in relation to the second point, he emphasised that the key word that KIC InnoEnergy hopes to embody is 'engine'. KIC InnoEnergy aspires to be the most powerful engine for innovation and entrepreneurship in terms of driving and generating real output. This will then be the attraction for partners to team up with the KIC – and ensuring that partners have a real benefit from being part of the KIC is crucial, because they are bound contractually for 7 years, during which time they commit both money and resources. In 15 months, the KIC has grown from 10 to 95 partners – this serves as proof that the market perceives the KIC as the best growth opportunity.

Mr Pavia explained that the KIC is run as a company, so the management is exposed to its success as well as failure.

KIC InnoEnergy is organised around 6 sustainable energy action lines:

- Smart Cities
- Renewables
- Convergence Nuclear – Renewables,
- Smart Grids
- Clean Coal
- Chemical Fuels

In relation to all of the above, there are 7 key concepts on which the KIC bases its activities:

- Innovation: capitalize knowledge into money
- Market pull: identify customers need
- Impact Oriented
- Unique selling proposition
- Excellence
- Sustainability: anything they do has as final objective to make the company independent from EIT financial
- A company run as a company

There are already some external acknowledgements from the outside world that reassure that they are on the right track. For instance, a team of KIC InnoEnergy students were awarded second place in the world HULT Global Case Challenge 2010, chaired by former American president Clinton.

6. PARALLEL SESSION 1: EDUCATION FOR ENTREPRENEURSHIP, EDUCATION AND INNOVATION

The objective of this session was to present the specificities of the EIT label for educational programmes and to showcase and discuss the ample portfolio of KIC education activities.

The EIT's educational mission is to foster a generation of entrepreneurially and innovation minded people in Europe by promoting excellent education responsive to both business and societal demands, focused on innovation, entrepreneurship and creativity, which can be distinguished by an EIT label.

KAREN MAEX, Member of the EIT Governing Board and the facilitator of the session, gave a brief introduction outlining the EIT Label and its underlying quality criteria and learning outcomes focusing on innovation, entrepreneurship and creativity, which KICs will apply to their Master and PhD programmes.

Part 1 - Presentations

○ Climate-KIC

The world needs an army of smart innovators and entrepreneurs to create sustainable economic growth, according to Educational Director RICHARD TEMPLER. Climate-KIC is responding to this challenge by creating a community of climate change innovators, inter alia by fostering integrated innovation and entrepreneurship education. He presented the most successful educational product Climate-KIC has developed so far: "The Journey". The Journey is a 5 weeks summer school which fosters

learning by doing, aims at challenging and transforming student attitudes, fosters a strong community and creates innovators and entrepreneurs. It ultimately trains people to enable the innovation pipeline. Two editions of the Journey were organised in 2010 and 2011 with a total of 120 interdisciplinary students ranging from engineering and science to business, policy and architecture and creating already 5 businesses.

MORITZ MEENEN, Climate-KIC alumnus and founder of the Climate-KIC spin-off company Electric Feel, gave a testimony about his experience with the Journey 2010 and how it helped him create his business. KATE HOFMAN participated in the second edition of the Journey in 2011, which gave her the opportunity to acquire entrepreneurial skills, develop a business idea (Arboreal) in a team and pitch it to a jury. She shared with the audience how the journey inspired her and gave her the tools to start realising her business idea.

- **EIT ICT Labs**

Educational Director HANNU TENHUNEN presented EIT ICT Labs' educational strategy, which builds on three distinct elements : (1) breeding and attracting top talent via the EIT ICT Labs Master and Doctoral School, (2) establishing the EIT brand in entrepreneurial ICT education and (3) expanding entrepreneurial ICT education into the life-long learning domain. The EIT ICT Labs Masterschool will start in autumn 2012 combining cross-node cutting edge technical and entrepreneurial education with strong industry collaboration. It offers 7 technical majors and a minor in innovation and entrepreneurship. Industrial internships, mentorships and geographical mobility are integral parts of the programmes. The primary goals of the EIT ICT Labs Doctoral School are to develop an innovation and entrepreneurial mindset among Ph.D. students and to set up the appropriate environment where young doctors may grow business projects founded on their thesis research. The doctoral school is built around two concepts: industrial doctoral training centres and integrating Ph.D. studies with MBA like studies in ICT innovation and entrepreneurship inspired by the British "doctoral training centres" (DTC) experience. PhD student ALEXANDER YIN then gave a testimony on the PhD-MBA Program in Turku, Finland which served as a pilot for the EIT ICT Labs doctoral education.

- **KIC InnoEnergy:**

Education Director TORSTEN FRANSSON shared with the audience the concept of KIC InnoEnergy's educational approach, which aims at delivering a completely new type of education in the energy field, mobilising the innovative and entrepreneurial spirit of the students and professors, covering also lifelong learning of professionals. The common attributes of all the KIC InnoEnergy programmes are related to a high degree of innovation and entrepreneurship, combined with business and market orientation. New pedagogical approaches and innovation in the teaching and learning methodologies are integrated aspects, together with student and staff mobility, to create an appropriate knowledge base. The design and operation of the KIC InnoEnergy educational programmes have a significantly higher degree of industrial participation than corresponding state-of-the-art programmes. All Master thesis projects will contain some entrepreneurial aspects to demonstrate the students' assimilation of the innovation and business character of the education received. As of autumn 2011, KIC InnoEnergy will run a total of 7 Masters in the energy field and 5 tracks in their PHD school. FREDERIK GETH and SHOUROV AKTER each gave a testimony of one of the Master programmes of InnoEnergy.

Part 2 – Roundtable discussion

The aim of the roundtable was to reflect on the presentations by the KIC education directors and put them into the wider European education context. The main messages of the panelists can be summarized as follows:

NEVENA VUKSANOVIC , Member of the Executive Committee, European Students Union (ESU)

- Focus should be on student-centred learning
- The employability of graduates is a very important topic which requires increased attention of policy-makers
- Education is not a resource for economic growth and not a tradeable good; austerity measures should not limit the resources for education
- We tend to approach/treat students as customers, but they should be regarded as equal partners participating in the process of Higher-Education reform
- ESU is focusing on and fostering in particular, the employability of graduates, learning outcomes paradigm, student-centred learning and life-long-learning.

JOHN SMITH , Deputy Secretary-General, European Universities Association (EUA)

- Welcomes the KIC/EIT results in education, especially the work undertaken on the EIT label (quality criteria and learning outcomes)
- Collaborative PhDs are very important
- There is no one-size fits all approach to entrepreneurship – entrepreneurs are born everywhere and act everywhere. It needs to be ensured that the EIT is accessible and opportunities are open.
- Very important: EIT alumni to promote the outcomes of the EIT

KURT DEKETELAERE , Secretary-General, League of European Research Universities (LERU)

- It is very important to see what is happening, i.e. to receive the results of EIT and KICs, in particular testimonies showcasing results and activities (like it is done at this conference) – these should be disseminated and to be demonstrated to the European Parliament, for example
- LERU is supporting the EIT and KICs, but they have to deliver
- LERU is very satisfied with the EIT educational approach
- For the future wave of KICs, LERU members consider important:
 - Knowledge transfer: lessons learnt should be systematically collected and transferred (especially for future KICs) – to codify and store the knowledge
 - Some research on the EIT educational programmes should be undertaken, in order to learn and draw lessons on how entrepreneurship is delivered to students and how students pick up the entrepreneurship spirit
 - More Life-Long-Learning, more traineeships in companies are needed
 - We are moving towards more and more e-learning, however, face-to-face contacts and teaching remain very important!
 - Methods for integrating research and education in the KIC programmes should be shared
 - As the KIC themes are fairly close, overlaps between the KICs should be avoided

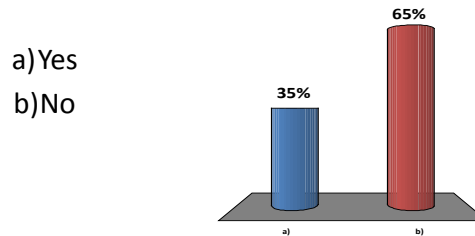
7. PARALLEL SESSION 2: ENTREPRENEURSHIP AND BUSINESS CREATION

This session presented the different entrepreneurship and business creation approaches that the three existing KICs are implementing, providing examples of KICs' good practices and experience in their respective sectors. The contributions also included two of the three award-winning entrepreneurial ventures from the KICs' thematic areas who presented their successful business models. The second part of the session consisted of a high-level Roundtable discussion moderated by DARIA TATAJ, member of the EIT Executive Committee. The central questions of the debate turned around access to adequate business support and financing instruments for start-ups and small businesses in Europe, and how the EIT and European Institutions can provide support to increase the chances of success for new business activities.

To spark the debate, the audience was asked for its opinion:



1. Do entrepreneurs in the EU have more opportunities than those from other world regions?



Parallel session 2: Entrepreneurship & Business Creation Day 1 – Monday 25 June 2012, 17.30 – 19.00 – Deloitte Auditorium 5Ps.10

Part 1 - Presentations by the KICs

According to this first survey, 65% of the audience affirmed that they believe more support is needed for entrepreneurs in Europe. The three KIC Entrepreneurship Directors were invited to present how their entrepreneurship support model works to answer this need, and which lessons have been learnt from the KIC activities to date:

○ Climate KIC:

HERO PRINS, Director of Entrepreneurship, made the bold statement that inspiring role models are needed on national and European level. In attempting to act as a role model, Climate-KIC services focus on creating a pipeline for support to climate starters and offering support for SMEs in climate, helping them to grow faster and with an international perspective. Specific activities include the screening of innovation projects for potential start-up creation, helping them to cross the 'valley of death' throughout all development stages.

Since climate change is a comparatively new field, one challenge is the need to build the channels for the promotion of start-ups from scratch. The approach is to build on existing infrastructures and to harmonise them. In order to do so a new incubator has been created within the Climate KIC network. The Climate KIC entrepreneurship team is actively working towards creating a "*Climate KIC incubator network*", which can also be extended to non-EIT/KIC member states in the future. The offer by the incubator network includes a comprehensive portfolio of services such as support for proof of concept, business plan development, IP, finance and legal issues.

Additional forms of support for SMEs include a voucher system to individual SMEs for scientific support and validation for development of climate products and services as well as the "*Climate Market Accelerator*", which helps to shape market opportunities for innovations in the field of climate and to shorten time-to-market for new products and services.

○ EIT ICT Labs

KLAUS BEETZ, Business Director, outlined the main challenges to be addressed in the European innovation landscape. First of all the shortage of seed money in the EU, which required more cross-border investment, and secondly the fragmentations of the European market in terms of business support, regulations etc., which makes life very difficult for SMEs. In that context, KICs are a safe haven in which entrepreneurs can grow.

EIT ICT Labs' business strategy aims to strengthen industrial leadership. It does so by providing support to: 1. Large industries, by offering talent and technology, 2. SMEs, in growth strategies and access to customers, and 3. Start-ups, by offering business expertise and access to finance.

One of the measures put in place at EIT ICT Labs is the "*ICT Labs Innovation Booster*" for technology transfer and business creation, which systematically screens and scans innovation opportunities, and assists in the successful commercialisation either via start-up or partnerships. The focus is very much on innovation opportunities and people - the right combination will determine the success of a venture!

Each CLC has a business development supporter, who identifies business opportunities on an international level. EIT ICT Labs is expecting to detect 80-100 innovation opportunities in the coming year.

Following the presentations, the audience heard from two ventures benefiting from the KICs' entrepreneurship support systems. Both ventures are EIT Entrepreneurship Award winners 2012:

ROSA VILARASAU, co-founder of NOEM, a Spanish venture based in Barcelona, with the objective to build the ideal 21st century home: mobile, modular, flexible and sustainable. (KIC InnoEnergy)

CHRISTIAN GEHL, co-founder and CEO of TRIFENSE, a premium supplier of innovative, high-quality network security technology based on machine learning to protect corporate networks against tomorrow's cyber-attacks. Based in Berlin, currently expanding to Silicon Valley. (EIT ICT Labs)

- **KIC InnoEnergy:**

ELENA BOU, Business Creation Director, presented the different obstacles being faced on the European market and KIC InnoEnergy's response and unique selling proposition:

Gap 1: Business opportunities coming from technology are not easily identified. Traditionally, success is measured in number of patents, not beyond that stage. A reason for this is the lack of systematic follow-up process, but also the fact that academics and researchers lack business orientation connections to industry. KIC InnoEnergy aims to bridge this gap through a systematic scouting process involving industry needs and training programmes to change culture among researchers and academics (e.g. "*From Science to Business*" course)

Gap 2: Traditional support services for business creation (incubators) are usually closed systems with low business approach, and very few are specialized in the energy field. As a consequence there are few start-ups and/or spin-offs, and they have low impact or a doubtful future sustainability. KIC InnoEnergy aims to bridge this gap through a European business accelerator specialized in energy and open to *any* business opportunity (coming from KIC or not), where entrepreneurs will receive services and value through 4 dimensions (Technology, Market, people, capital): *The InnoEnergy Highway™*

Gap 3: New ventures have difficult access to market. KIC InnoEnergy fills this gap including customers/industry all through in the value chain.

Gap 4: Access to finance is crucial as energy ventures are highly capital intensive. KIC InnoEnergy fills this gap by establishing its own European VC network and Investment Fund.

Gap 5: Energy is a heavily regulated sector across the value chain. KIC InnoEnergy bridges this gap establishing a continuous dialogue with legislators (e.g. Annual Meeting)

The KIC's innovation strategy builds on the "*KIC InnoEnergy Highway*": Analysing the entrepreneurial ecosystem and the different development stages for ventures in the field of Energy, including assistance with challenges such as the identification of business opportunities etc.

Achievements to date: 115 business ideas received in 2011, 53 passed the preliminary analysis, 16 are currently under opportunity assessment.

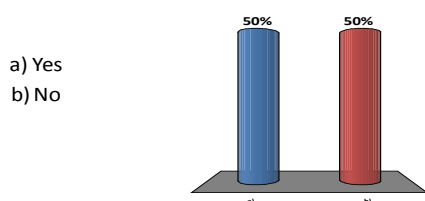
Part 2 – Roundtable discussion

The following conclusions could be drawn from the discussion:

- Confidence, fragmentation and regulations, also concerning Venture Capital, are only some of the major challenges for start-up businesses. Europe will require a consistent platform for entrepreneurship and innovation support to tackle these challenges. Government and public money should be involved by catalysing private money (involving expertise to make sure that returns are happening on public money, co-investment funds, mobilising private money giving tax incentives etc.).
- Barriers need to be overcome in terms of education and entrepreneurial mindset, perception of entrepreneurship, lack of role models, negative perception of entrepreneurs.
- More awareness raising is needed to be done regarding support structures such as business angels.
- Governments do not always succeed in choosing the right businesses: more consideration should be paid to define which businesses have high growth potential.
- The notion of “entrepreneur” has been over-used in the past. Europe should concentrate on creating the right environments for new ideas to be commercialised and to satisfy the funding needs. European Institutions can and must have an impact on this.
- According to CHIARA DE CARO, the General Manager of the European Association for Business Angels (EBAN), the most important criteria for selection of business projects are the teams in charge (track record, profile of individual team members etc.) and the investment readiness.
- RICHARD PELLY, the CEO of the European Investment Fund (EIF) added that in the KIC context it is important to create ecosystems where investors can see that people are competent and experienced.
- There should be no restrictions for SMEs at cross-border level. The EIF is taking an active role to break down barriers in terms of regulations. However, conditions are different in each country: improvements through best practice exchange, avoiding overlaps and fragmentation. Moreover, legislation divergences have a large cost implication for SMEs, which is one of the reasons why the EU is required to promote free trade across borders.



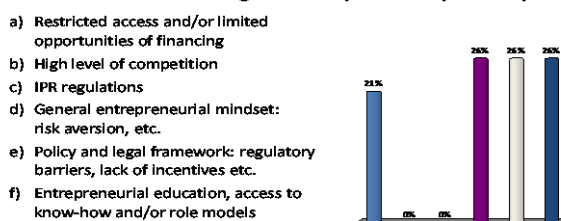
3. Would more European public funding improve the success rate of entrepreneurs?



Parallel session 2: Entrepreneurship & Business Creation Day 1 – Monday 25 June 2012, 17.30 – 19.00 – Deloitte Auditorium SP.10



2. What is the main challenge for Entrepreneurship in Europe?



Parallel session 2: Entrepreneurship & Business Creation Day 1 – Monday 25 June 2012, 17.30 – 19.00 – Deloitte Auditorium SP.10

8. PARALLEL SESSION 3: WORLD-CLASS RESEARCH AND INNOVATION CULTURE

This session was introduced by the moderator LINNAR VIK, member of the EIT Governing Board, as focusing on the question of Innovation Culture and how the 3 KICs are managing this topic.

- **Climate-KIC**

The objective of Climate-KIC is to innovate for low carbon prosperity by reducing the impact on resources and increasing the capacity to be resilient to climate. Today climate is not a market on its own (though related to others), it is not driven by companies but by knowledge and politics. So Climate-KIC is looking at where it is possible to have an impact.

Three examples were presented with very different innovation angles; the development of an open-source catastrophe model for the insurance sector, the development of new services from interoperable sensors and interconnected data and the development of new Business/Finance/Community Structures for scaling up innovation.

The challenge is how to prioritize between Climate long term theme and Business short term objectives

- **EIT ICT Labs**

Within EIT ICT Labs, 200 researchers are contributing to feeding business with innovation on topics such as Future Networks, Media, Smart Spaces, etc. Business is also feeding back to the researchers by highlighting problems that need to be solved. The underlying objective is to create a reliable transfer from research to innovation. And this needs Talent, Time and Trust, Cooperation, Dedicated Platforms, Instruments and Persuasion. The strategy is based on a systematic and intensive generation of innovations in hotspots through exploratory, empirical and experimental research carried out in close interaction with users and applications, on the basis of experimental platforms, and the creation of new culture for co-creativity.

The selection of innovation projects is based on a yearly call for proposals which are assessed by a panel of internationally selected experts. Each project has to demonstrate its potential contributions to the set of KPIs defined by EIT ICT Labs. The selected projects are then introduced in the KIC Business Plan.

Examples of innovation projects were given by OLIVIER FESTOR, Research Director, : the Multitouch screen and the get home safe projects. This highlighted the potential of the KIC in scouting relevant research and transforming it into innovation. The objective is to push innovation with real innovation content and to provide the tools to create business in a speedy way.

- **KIC InnoEnergy**

KIC InnoEnergy has established a network across 6 countries with each node leading on a dedicated thematic field in cooperation with the others. The overarching objective of KIC InnoEnergy is to reduce the cost of energy and increase the security of supply.

For an innovation initiative to be selected it has to prove that it has a market impact, it is result oriented, it leverages the network competences and is driven by excellence. The corresponding assessment process is based on judging the market impact, the investment impact, the operational performance and the relevance of the deliverable in achieving the knowledge triangle integration.

A driving objective of KIC InnoEnergy is to attain self-sustainability. One revenue stream consists of 10% of the royalties generated by patents resulting from activities having received the KIC support.

By way of the example of the Debugger project, FRANK DIEDRICH, the CLC Germany Manager, highlighted one of the missions of KIC InnoEnergy which is to take something that exists, add innovation to create a positive business case and deliver it to the market. A network of partners is

identified to create this innovation. Through a Balanced Score Card the projects are monitored every 6 months and decisions on the continuation of funding are taken at these reviews.

Questions and Answers

The session of questions and answers with external stakeholders highlighted the factors differentiating the KICs from other initiatives:

- They are strongly related to the markets
- They are strongly results oriented
- They consider themselves as investors
- They can offer long-term support and also short innovation cycles.
- The partners that are joining the KICs are looking for value-creation through synergies and cooperation.
- The KICs can offer the possibility to put together business and research.
- There is also built-in flexibility which allows for trial and errors experimenting solutions and fostering technology transfer.
- The KICs also have a role as broker in putting together different actors for the innovation to emerge.



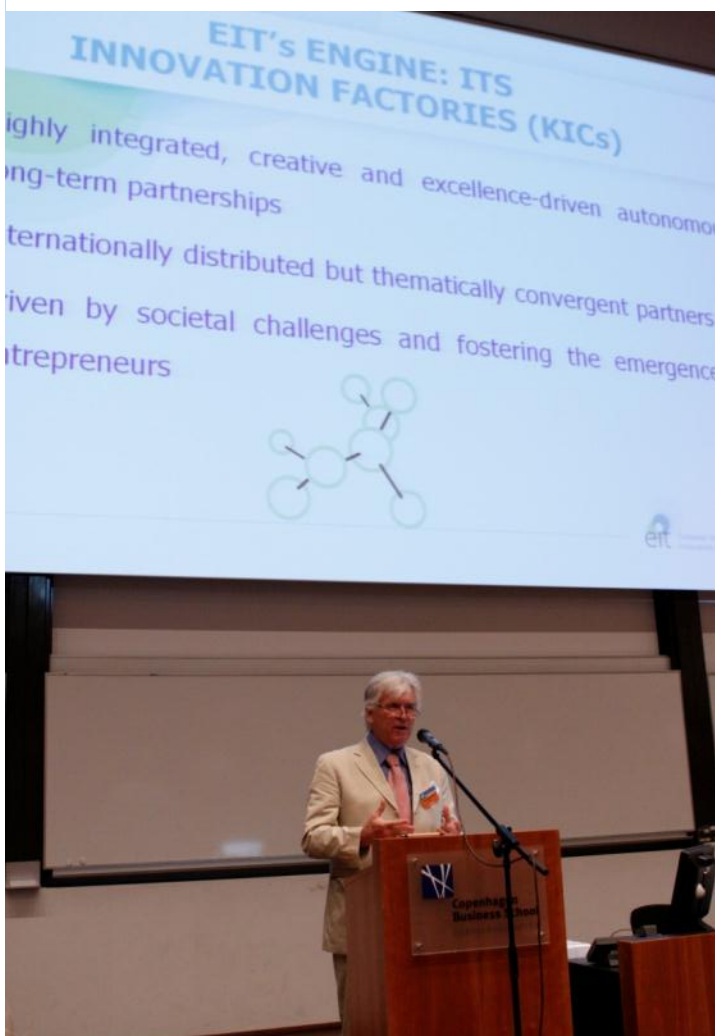
Summary & highlights

Day 2 – 26 June 2012

9. KEY NOTE SPEECH: LOCALLY DRIVEN WORLD-CLASS INNOVATION

The second day of the conference was opened by the Chairman of the EIT Governing Board, ALEXANDER VON GABAIN, who focused particularly on innovation in his key note speech about the EIT model.

Mr. von Gabain presented the 'Cha-Cha-Cha' Theory of Scientific Discoveries by Daniel. E. Koshland Jr, and recalled that over the past centuries of scientific discoveries a pattern has emerged which suggests that they fall into three categories: Charge, Challenge and Chance. 'Charge' discoveries solve problems that seem to be obvious, however the way to reach the solution of the problem is not very clear. 'Challenge' discoveries are replies to an accumulation of facts that are still unexplained by scientific theories. 'Chance' discoveries are the ones that are often called serendipitous, but whose importance scientists could recognize.



The next part of his presentation dealt with the question of how discovery is linked to innovation. He expressed that Innovation is the process of making changes with societal impact based on discoveries and/or invention and he also underlined that excellent science and research are necessary yet not sufficient ingredients for innovation. He presented the classical model of linear technology evolution and emphasized that the EIT needs to go into the knowledge triangle even more deeply in order to bring all its players together, which is how the value creation occurs.

He set out some proposals and ideas from different stakeholders to help improve Innovation in Europe include:

- cross-discipline communication
- early stage venture funding
- investing into education
- celebrating entrepreneurs
- using multicultural and interdisciplinary environments to best foster innovation
- teaching scientists how to manage

The real challenge lies in integrating all of the above mentioned.

He also mentioned that it is a crucial question how to bridge the gap between the players in the innovation field and underlined the role of the EIT and the KICs in this regard, notably by stressing that the EIT and the KICs would like to overcome this challenge by integrating the knowledge triangle both between and within the EU Member States, getting all the players of it together and by having the entrepreneurs in the center. By quoting Joseph Schumpeter, he pointed out the fact that it is of crucial importance to understand that the entrepreneur is the player in the knowledge triangle who uses the invention and new ideas and transforms it into a product and thereby brings the innovation into the market. The only way to achieve the knowledge triangle growing by public funds is that we have to give the money exactly there where it is needed most. This is the so-called „valley of death“ during the early life of companies, and he stressed his belief that this is one of the tasks of the EIT. He also expressed that if money is spent in innovation, it has to be spent very wisely. In response to the question 'how can we make people become more entrepreneurial in Europe? He emphasized that the seed money that goes into a fresh company is the most important funding received during its life-style. This is why the EIT funds granted to the KICs play a crucial role.

Mr. von Gabain summarised his opening speech by stressing that the EIT and the KICs have two further functions. On the one hand, they are trying to strengthen the ecosystems in Europe to create innovation. On the other hand, they are learning institutes that are acquiring knowledge which they are then sharing. In this way, the EIT and KICS can create change in the European innovation landscape.

10. INITIAL FINDINGS ON NOVEL PRACTICES IN THE KNOWLEDGE TRIANGLE

JOSE MANUEL LECETA, EIT Director, briefly informed the participants about the planned EIT publication on novel practices in the knowledge triangle before giving the floor to PATRIES BOEKHOLT, Managing Director of Technopolis Group, contracted by the EIT to carry out the study behind the publication. She outlined the concept of the first, upcoming, EIT publication on “Novel Practices in the Knowledge Triangle” which will showcase interesting practices from the first operational years of the KICs while placing the EIT at the heart of the Knowledge Triangle.

She presented the publication as being of interest to a broad audience, including policy makers, innovation practitioners and analysts, as well as the next generation of KICs. An executive two-page summary was handed out during the session, while the end-result will be finalised on the basis of further input received during the Conference itself and published thereafter.

Ms Boekholt set out some of the main findings of the study: Although there were challenges in setting up the first three KICs, it highlights that the first KICs managed to set up novel governance models for complex multi-stakeholder networks in a very short time. She emphasised that various interesting practices have been launched by the KICs to foster education, innovation and business development linked to excellent research in the host centres. Ms Boekholt also underlined that the EIT's key role is not the direct funding but leveraging local, regional, national and European & public and private funding and networks.



11. CLIMATE-KIC PRESENTATION

MARY RITTER, CEO of Climate-KIC, stated that Climate-KIC integrates four sectors in innovation – research, education, business and public bodies and that it therefore likes to think of itself as a three-dimensional pyramid, rather than a triangle. Climate-KIC has partners representing all those sectors and they bring them together within the context of the three pillars – Innovation & Pathfinder, Entrepreneurship and Education.

(I.) How does Climate-KIC bring people together?

Climate-KIC not only uses virtual means, but also brings people together physically – for example via the Climate-KIC Annual Festival which has been in Budapest last year and will be in Bologna this year and also via the Ideas Market Places. In 2012 Climate-KIC has organized three Ideas Market Places, bringing together 60 – 70 participants each, who had a chance to brainstorm and to exchange ideas in order to build Climate-KIC's projects and programmes. The three Ideas Market Places, that took place in the Co-location centres in Germany, the Netherlands and France, were followed by a fourth event of this kind, entitled the Innovation Summit, taking place in London in June 2012. During the Innovation Summit, the outcome of the previous three events were consolidated.

(II.) Overview of the activities of each pillar presenting the linkages across the KIC

Innovation & Pathfinder Pillar (representing the innovation projects)

Mary Ritter reiterated the importance of the Challenge Platforms (Climate Services, Transforming the Built Environment, Bioeconomy, Industrial Symbiosis, Land and Water Engineering Adaptation, Sustainable Cities Systems, GHG Monitoring, Making Transitions Happen) because these are the platforms where Climate-KIC integrates the research and education and where Climate-KIC brings in the business. These platforms' are coordinated bottom-up. In particular, they have emerged from the Ideas Market Places. According to Mary Ritter, the real lesson to be learnt is that these things cannot be constructed automatically, people must be brought together by some means. If Climate-KIC wants new partners, they must bring them in through programmes or projects. Within each of those projects or project areas that sit within a platform, the players right across the KIC would be involved.

Education Pillar

In the education programmes, Climate-KIC has a whole range of activities, all of which go across the sectors – there will be not just education, there will be research involved, there will be business participants. In order to illustrate this, Mary Ritter gave several examples:

Contextual Learning Journey Summer School (CLJ). The summer school forms the beginning of all Climate-KIC student programmes, but it is in fact open to students from outside the KIC. It is a very intensive 5-week programme including a visit to 2 Co-location Centres (or one Co-location centre and one region, as will likely become practice next year), during which the participants are given the opportunity to visit partners from all the different sectors (business, research, public bodies). In addition, the participants receive business coaching and participate in a competition during which they work together to come up with business pitches. Several start-ups have emerged from this competition, which have attracted a range of different types of external funding.

Alumni Association. This was initiated by the Climate-KIC students and it is now in the process of becoming a legal entity with the aim to become an affiliate partner of the Climate-KIC. In this way not only Climate-KIC will support them, but also conversely, the Alumni Association will represent an important source of information and experience for Climate-KIC and for future students. According to the President of the Alumni Association, the Climate-KIC education programmes gave students a possibility to learn about the physical science of Climate Change, the knowledge of how to set up a business and the chance to meet people from different scientific and cultural backgrounds, thereby strengthening their entrepreneurial mindset and confidence.

Entrepreneurship Pillar

Within the framework of this pillar, Climate-KIC has established a network of incubators (Climate-KIC Incubator Network) that stretches across the KIC and includes incubators from business as well as research institutions. In addition, this pillar includes activities such as Climate-KIC Master Class Programme, Climate-KIC Venture Competition, Open Innovation Slams, SME Climate Innovation Vouchers, Climate-KIC Market Accelerator, Pioneers into Practice.

Concerning the Climate-KIC Market Accelerator, Mary Ritter explained that this model was developed because for the climate change sector the market is young and it is very scattered. The Accelerator is a programme whereby on the one hand Climate-KIC looks at the demand from the market (and particularly they use their public body partners for that) in order to identify the challenges and the demands are for the climate change mitigation and adaptation and on the other hand, they use their internal radar that tells them what the portfolio of the innovation projects actually is. Finally they put the two types of information together while using various mechanisms accelerating the transfer from the innovation to the market.

In order to illustrate how every Climate-KIC activity goes across the whole KIC community, Mary Ritter invited two other people, representing different sectors, to present their experience with Climate-KIC.

CHRISTOPH WILLIAMS, Managing Director of Naked Energy (an SME specialized in innovations in solar energy) described his experience as a Climate-KIC partner and the Winner of the EIT Venture Competition at the Climate KIC Annual Festival in Budapest.

SIXTO SANTONJA-HERNANDEZ, a participant in the Pioneers into Practice programme, presented his experience from his placement at the Birmingham City Council where he learned about how the public administration can collaborate with the private sector.

The Pioneers into Practice programme enables professionals to learn about the best practices and novel approaches in climate change mitigation and adaptation via two four-week placements in companies/institutions implementing innovation projects either in their home countries (in a different region) or abroad.

New challenges for the Pioneers into Practice programme are as follows:

- To showcase the impact that the pioneers are having in their regional innovation ecosystem;
- To provide assistance to outstanding business ideas and projects resulting from the programme through the RIC Venture Support Programme.

12. EIT ICT LABS PRESENTATION

WILLEM JONKER, CEO of EIT ICT Labs, stated that the ambition of EIT ICT Labs is both to contribute to economic growth and to enhance quality of life through a pan-European ecosystem integrating the Knowledge Triangle Stakeholders. Addressing societal challenges is at the heart of the KIC. The objective is to mobilise excellent organisations and people for the benefit of Europe. For this reason it is important to establish the EIT brand and that those working for the KIC are aware that they work for society as a whole. The added-value of the EIT and KIC concept is that it allows for a long-term partnership allowing structural game change. This is this long-term commitment which has allowed for example to join leading universities in offering a common ICT Masterschool.

EIT ICT Labs was established as a KIC in January 2011 and at present it is still a learning process on how the ingredients are working together. A KIC is all about people with the structure helping these people outperform.

Willem Jonker shared his past experience in working in a large company on how difficult it is to align business units cycles (typically 2 to 3 years) and FP7 projects which have a larger timespan (around 5 years for large projects - from the first idea to the termination). As a result industry does not put their core innovation projects in this framework.

The mission of EIT ICT Labs is to be an Open Innovation ecosystem through a trusted core innovation model relying on a strong partner base. The objective is to demonstrate the impact on society and this should already surface in 2012 and 2013 with early tangible results in Entrepreneurship, Research and Business areas. The overall objective will take 5 to 10 years to be realised.

How does EIT ICT Labs work?

- It sets the agenda, thanks to the fact that 70% of the total investment made in Europe in ICT are made through organisations which are part of EIT ICT Labs
- It mobilizes the partnership
- It attracts talents
- It innovates in the way research is done today
- It executes through its partners taking the responsibility to spend tax payers' money
- It delivers and assesses the results



The main concept to make this happen is the catalyst-carrier model which builds on existing activities in the EIT ICT Labs ecosystem by adding value through the KIC focus on entrepreneurship and knowledge triangle integration. First a carrier is identified for its potential to be boosted by the KIC approach. For example a patent screen is performed for each research project supported by EIT ICT Labs. If a specific impact can be identified, then the carrier will be supported by a catalyst derived from the portfolio offered by the KIC. On a particular topic (e.g. smart grids, smart spaces), the collection of catalysts-carriers form an Action Line which in itself has short-, mid- and long-term objectives. In other words, this is an opportunity portfolio around a specific theme. It also has a European dimension. ERC is carrying out long term research, FP7 exploratory research and EIT innovation.

Co-location centres are vibrant meeting places for innovation game changers and their objective is to bring people together and create the interactions which would

not happen otherwise (incl. via videoconference).

The example of Trento, the newly established CLC, demonstrates that the work performed is not ICT for the sake of ICT but ICT for the business environment and for improved quality of life. In Trento the link to public institutions allows for the interaction needed to put data to the service of the real world. All in all the objectives are to create a sense of belonging and to drive the local ecosystem in an integrated European context.

From an education point of view, the mission is to change the mindset through a systematic approach by putting scalable structure and processes in place, which are assessed through quality management. In other words to ensure that the methodology is efficient in creating a new type of engineer who will create long term impacts for Europe. Students joining the Masterschool for example have a secure internship, built-in mobility in the programme, a personal coach and a minor in Innovation and Entrepreneurship whatever the major they chose.

With respect to business activities, the core of it is the screening and scanning of opportunities to be commercialised. This addresses both start-ups and established companies. For business creation the objective is not to develop incubators but to connect the incubators from the partners to one another to offer the ventures the possibility to access the European market in one go. As such the start-ups are part of a strong network which might raise the interests of Venture Capitalists. This European network offers great opportunities for value creation at the European level both for newly created companies (in getting access to the markets) or established companies (in getting access to the technologies).

In research the objective is to prepare research results for business exploitation making sure that patents are in place. Great efforts are also put into creating most needed pan-European testbeds to assess the marketability of concepts.

13. KIC INNOENERGY PRESENTATION

DIEGO PAVIA introduced his colleagues from the board of KIC InnoEnergy: Elena Bou: Director of Innovation and Business Creation; Klaas Schuring: Node Manager Benelux; Kenneth Johansson: Node Manager Sweden; Torsten Fransson: Director of Education; Frank Dietrich: Node Manager Germany; Arne Lorenz: COO.

Mr Pavia started off by asking the audience a thought-provoking question: How much of the cost of anything is related to Energy? The answer is 27% of all goods we are using. In concrete terms, to reduce by 1% the cost of energy overall means a saving of 20 billion Euros for Europe.

And this provides the answer to the question on what KIC InnoEnergy's focus is. In particular, the KIC aims to:

- Reduce the cost of energy
- Increase energy Operability
- Decrease the effect of emissions

The above translates into doing more with less but also doing it in a sustainable manner.

The KIC is active in 6 different thematic fields, for each of which one particular CLC takes the lead:

- Smart Cities
- Renewables
- Convergence Nuclear- Renewable
- Smart Grids
- Clean Coal

- Chemical Fuels

The relationship the KIC has with its partners is on a 7-year, contractual basis, which provides stability and a long-term perspective. This also reflected in the 7-year Business Plan.

KIC InnoEnergy shared some of the first results being measured:

- 146 students enrolled in the 120 ECTS Masters programme
- 28 engineers in the PhD School
- 21 professionals in the Executive Programmes
- 11 patents filed at a much reduced cost compared to other programmes: (using only 1M€ per patent compared to 6.3M€ invested per patent within classical projects)
- 23 new technology products & services developed
- 52 ventures nurtured in the KIC InnoEnergy Highway

Some of the main reasons indicated by students for choosing the KIC InnoEnergy educational programmes above any others are the following:

- the participation of big industries
- mobility between different schools
- scholarship support
- obligation to work on a thesis based on a real business plan and industry
- double degree obtained

The objective is to create top researchers with a specific mind-set for business, and to multiply by 5 the current results to achieve a total of 1000 master students (equal to 5% of European wide students in this sector) in order to be able to act as a game-changer.

KIC InnoEnergy's overall motto for Innovation projects is "we transform knowledge into money", and the impact it wants to achieve is to generate new jobs and increase competitiveness.

What the KIC offers, is first of all "the Highway": a process whereby the KIC strengthens and provides support to ventures in terms of management, finance and manufacturing. Of those companies that are selected, 60% are product based. This is an important fact to mention because services are easier to start up than products. Important to note also is that the KIC does not finance any activity if there is no credible business plan behind and in particular if there is no a market to address. Some services the Highway offers its ventures:

- It commits to finding the venture's first customer
- The KIC is an independent network and through specialized CLCs can provide special and specific support
- It is specialized in Energy.

In 15 months the KIC partnership has grown from 10 to 95, which serves as proof that the market perceives the KIC as an effective opportunity to grow. And this has been obtained without giving money directly but instead by providing added value services. The KIC currently has many partners that are great names in the sector, and its governing board is mainly occupied by industry representative. In fact, the share of the budget from the industrial partners reaches 31% (out of an aggregated total of 290M€ for the 2011 and 2012).

Mr Pavia mentioned that there are several motivations for industry to join KIC InnoEnergy for Education, Innovation Projects, business creation but also Governance. In particular, industry partners appreciate that the set of rules is predictable, the network is stable, and that the rules are much close to their own rules – the KIC in itself acts as a company.

KIC InnoEnergy is complementary to other EU instruments that are recognised to be different in the approach, based on talents, very focus on the innovation they want to perform, creating those start-ups that “agilise” the sector. In technology they are member of JRC Working group.

An important point is that It started with EIT money, but this shall be only a seeding money because is objective to make themselves independent; the plan is to start reducing the EIT support from 2015 onwards. For that reason the KIC relies on different revenue streams to collect money including IP royalties (10% of any patent) and at least 10% of equity of any new business created.

To summarize, KIC InnoEnergy is an engine with a clear business model and clear and measurable objectives. It is not the only tool available in the innovation arena, but it is a strong complementary tool that capitalizes on existing knowledge and integrates the Knowledge Triangle. It's about talent, new companies and innovation delivery.



14. DISCUSSION AND Q&A ON KIC PRESENTATIONS

The half an hour session about questions and answers on the KIC CEO's presentation was moderated by MS. PARTIES BOEKHOLT, the Managing Director of Technopolis Group.

The **first question**, addressed to all 3 CEOs, was posed by the representative of the Department of Business, Innovation and Skills from the UK, on Intellectual property right arrangements existing within the 3 KICs. The question raised if the KICs have different IP agreements on individual projects or if there is a model applied in all KIC related projects. The questioner also expressed interest in knowing whether, in addition to KIC InnoEnergy, the other 2 KICs retain an equity stake in their SME start-up.

WILLEM JONKER, CEO of KIC ICT Labs, underlined that they do have an IP arrangement, however he is aware that the current one is not optimal. He has put the IP area in the spotlight and stressed that it is a field where KICs should really play a role. He also confirmed that KIC ICT Labs do not have stakes in SME start-ups.

MARY RITTER, CEO of Climate KIC explained that Climate KIC has an overarching IP policy. In addition, for projects that involve a group of partners, there is a consortium agreement which has a model section with possibility of alternatives to be inserted, and it is up to the group of partners to decide how they want to modify the variable sections. The draft agreement in that case is checked by the KIC Lawyers to make sure that it is appropriate and within the policy.

DIEGO PAVIA, CEO of the KIC InnoEnergy added that for KIC InnoEnergy it took 9 months to negotiate the IP Policy, IP valuation and IP Guidelines. He believes that since it took such a long time it can be concluded that there was real value around it. Mr. Pavia also confirmed that they do retain equity stake in start-up companies which they would like to keep on in the growth phase of the SME as well.

The **next question** from the audience was about the possibility of cooperating with the KICs, whether their door is already closed or still there is opportunity to join them.

MARY RITTER stated that Climate KIC has been reviewing its partnership strategy in the past few months, because - like the other 2 KICs - it started its activities with a small number of partners and been gradually growing ever since. She emphasized that Climate KIC grew from 27 partners to 180, hence the partnership strategy is not about closing doors but it is about making sure to strike the right

balance. She explained to the participants that they have two types of partners, 1) co-partners, who share the risk but also have a key vote on the strategy and finances, and 2) affiliate partners, who are real integral members of the community but do not take the risk and they do not have such a strong voice. She also stressed that there are talks about whether they should have another category where the institution is not a formal partner and does not have to sign a legal agreement but is nonetheless part of the community. There are currently 20 co-partners, but they have not set up an absolute final top level of partners. However she believes that the final number should be around 30-35, since if it gets larger, there is a risk that the Assembly would become dysfunctional. She therefore concluded that the door of the KICs 'is not a totally open door but certainly not a closed one.'

WILLEM JONKER confirmed that the situation is similar at ICT Labs, so the partnership is growing, on all three levels, co-partners, affiliate partners and associate partners. Next to this, they have collaborators who bring specific added value to the table for whom they can set up specific relationship for the related activities.

DIEGO PAVIA mentioned that at KIC InnoEnergy there are 21 shareholders who have a backpack of obligations and of rights, and also 100+ activity partners that contribute to KICs activities, however there is no connection between being a shareholder and how much money you get for your activities as a partner.

The audience was also interested *in their next question* in the three CEO's experiences regarding in relation to international applications for their courses and in particular what selection criteria the KICs apply.



DIEGO PAVIA opened the series of answers by underlining the fact that 2011 was the first intake of students. The KIC received 1300 applications, of which they had planned to award 222, but ended up only awarding 155 in the interests of maintaining a strict standard of excellence, which is at the core of everything they do. In 2012, there are 2100 applicants for 196 seats.

MARY RITTER confirmed that the situation is similar at Climate-KIC, where the selection is very competitive.. In the first step, master students are selected on the basis of highly competitive criteria for the first two years; and in the second step they select from those masters who can come on The Journey. Going forwards, the situation will change since Climate KIC will be taking the students full onto the master programs, notably into the new KIC program specifically tailored for innovation. In addition to that, students from all over the globe can apply to come on to The Journey as a free standing course. There is a very high proportion for students from across Europe if one looks at one university running a program, however looking at the free standing Journey, around 50 % of students are from outside of Europe. Mary Ritter believes that it is a very effective way to promote EIT and KIC culture.

WILLEM JONKER explained that ICT Labs has started to build a completely new, homogenous master school with more than 20 universities. The KIC has signed contracts with all the universities, which details the learning outcomes and selection criteria and also that they are forced to accept the centrally selected students at one of the universities, and even the placement is subject to flexibility among universities. The students can start one year in one university and then they can go to a second one. They all get the same ENI modules that are integrated in the curricula.

It took a year to negotiate all the details with the universities, but all agreements are finalized and the recruitment is currently being run in order to start on 1 September, 2012. The initial goal was to get 200 students, 50 % from Europe, 50 % from outside Europe. In the end around 120-140 students can start the first academic year in September. He also affirmed that there is no problem in getting the 50 % students from outside Europe, however the 50 % inside Europe is a problem for two reasons. One of them is the brand, which is not well established yet. On the other hand, tuition fees are also an obstacle, and the third challenge is the fact that mobility for Europeans is still a big issue. Europeans tend to go for local solutions.

MARY RITTER added that universities can move at different speeds according to how much autonomy they have got. She explained that it has been an evolution of developing the Journey and using it with existing masters. Now Climate KIC is moving forward to their own special KIC masters in innovation, which will be part of a pilot program with some universities.

She also emphasized that even though there is an academic selection for the students, it is crucial to further interview the applicants, because only in that way can one really test whether they have the right potential for entrepreneurship. She believes that there are three key ingredients to developing entrepreneurs. 1. You have to give them the basic facts, i.e. they have to have the knowledge 2. They have to have an entrepreneurial DNA 3. You have to give them the right environment of the learning by doing.

The *next question* was posed by Nevena Vuksanovic, the Chair of the European Student Union, who asked the CEOs if they plan to widen the access to students to the KIC master programs for instance by providing grants for students? She also asked the panel about the difference between the Erasmus program and the KIC master programmes and how they would persuade a student to go into KIC program instead of Erasmus.

WILLEM JONKER reflected that at ICT Labs, there are scholarship and tuition fee waiver opportunities. He also underlined that when it comes to widening the access to the programs, it is about positioning yourself in the market, about recognition, going out and advertising, telling it to students and to use the first generation of the students to tell the followers why it is a great opportunity. The difference between Erasmus and their master programs lies in the fact that ICT Labs Master Schools offers guaranteed internships with one of the top industrial partners, where it is not always easy to get in. Also the KIC Programs provide an ENI module, which is 25 % of the whole course; hence it is not a traditional course but really tailored to entrepreneurship and education. In addition to that that ICT Labs will support the graduated masters with a lot of mobility and moreover with a personal coach.

MARY RITTER affirmed that the brand is indeed not well known yet, since it is very new and in the first years, KICs mainly rely on the brand of the universities. However she as well stressed that the best advertisement is by word of mouth from the satisfied graduated students to their followers. Mary Ritter concluded that the higher number of applications for this academic year confirms this theory therefore she remains quite optimistic about the future years as well, since 'Success breeds success'.

DIEGO PAVIA also confirmed that KIC InnoEnergy provides scholarships which will be gradually decreased as the brand is being built and by time it will be the brand that will attract the best applicants. He stressed that last year, KIC InnoEnergy spent 1.6 M euros out of their own shareholders' money without EIT funding just to prime the pump and to bring the first 155 students into academia, which is a proof that they do believe in the model.

With regards of comparison with Erasmus program, DIEGO PAVIA explained to the audience that they do have a specialization in master schools called SELECT (MSc Environment Pathways for Sustainable Energy Systems) which is building also on Erasmus Mundus. In this setting, the first year Erasmus students can finalize the second year with a period of learning on the job and being in industry for the second year.

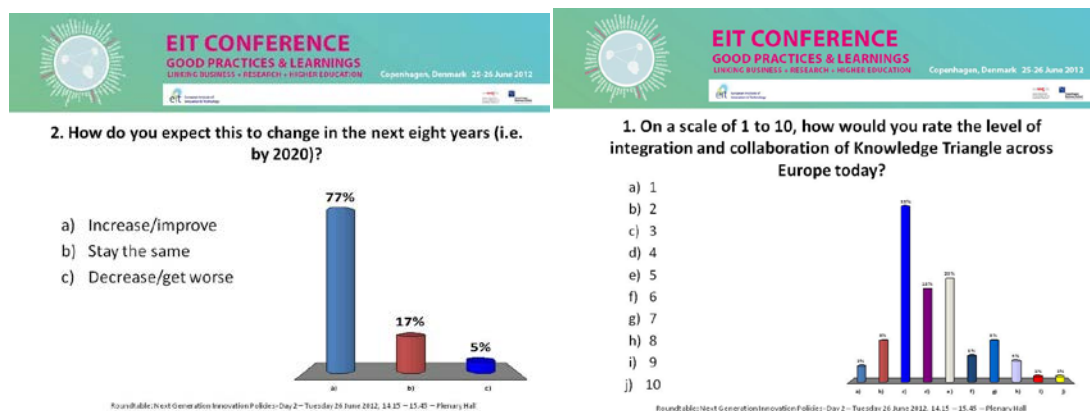
15. ROUNDTABLE: INTEGRATING THE KNOWLEDGE TRIANGLE

This concluding Roundtable discussion aimed to bring together the discussions regarding the Knowledge Triangle and the lessons learned to date from the EIT and beyond. The Panellists in this session represented the different sides of the Knowledge Triangle and offered personal insights and different perspectives on the importance and the effectiveness of collaboration between the key actors in the Knowledge Triangle.

KAREN WILSON, Senior Fellow of the Kaufmann Foundation, posed the following central questions to guide the debate in her role as moderator:

- Which approaches have been the most successful in terms of facilitating collaboration between the actors of the Knowledge Triangle?
- What are main obstacles to effectively integrating the Knowledge Triangle?
- What conditions and/or incentives need to be in place to encourage greater integration and collaboration?

The session was opened with two voting questions to the audience:



Based on this feedback from the audience, panellists were asked for their statements on the following questions:

How can the different actors collaborate more effectively and complement each other?

Given the varying objectives and approaches (scientific, analytical, financial, emotional, etc.) can a 'common language' and set of objectives be found?

ANNE GLOVER, Chief Scientific Adviser to President Barroso, stated that they two key words were 'listening' and 'incentivising'. She mentioned that particularly small businesses need to have access to knowledge. As regards the interaction between research and business, she strongly felt that the culture needs to improve. She drew upon her own experiences to come up with a novel suggestion: that each researcher should have an obligation to meet a business person on a regular basis, not necessarily in his

field. This would be a way to get a better understanding of the other's perspective and objectives, of building trust, and of generating excitement. This should not be a luxury but a necessity.

Ms Glover also stated strongly that publically funded research is a cornerstone of innovation. IP approaches need to be found to enable the use of the knowledge instead of restricting it. In response to a question on risk, she lamented that people in Europe don't want to take risks: risk capital does not exist in Europe, and she joked that one could rather speak about „no-risk capital“. There are no answers yet on how to change the philosophy of the VC sector, it remains a great challenge for Europe to solve.



As a follow-up question, Ms Glover was asked how incentives could be measured. She suggested that evidence of integration should become commonplace and a matter of course already at the early stages of applying for funding. Academics should be asked about their contacts outside of their immediate research focus and in particular about their links to policy makers, businesses, NGOs and anybody else interested in collaborating. She emphasised that the burden should not only be on the knowledge generators.

BJÖRN ASHEIM, Director for CIRCLE, Lund University, explained that the Swedish innovation system and policy are exemplary in terms of collaboration between university, industry and local government. The way to make this work efficiently is to work together with society, and to promote interdisciplinary research. What was needed was large-scale institutional innovation: researchers should adapt their organisations, processes and instruments to this collaborative, interdisciplinary approach, and be more application oriented. Lund University is a pilot in the field, and can be praised as a truly entrepreneurial university.

AJIT NARAYANAN, Indian Innovator of the Year and Founder of Avaz, shared his own personal background. He started off with Silicon Valley work experience, then went to India to set up his company based on industrial collaboration with academia. He found his business project when working with NGO for children in need and has now developed smart communication assistance technology to help children suffering from disabilities to communicate. He explained that in India the knowledge triangle integration is not very developed or structured, but that he had experienced support from the incubation side, from government as well as industry. He stressed that no problem can be solved in isolation, but that some form of collaboration and cooperation is always required. The biggest challenge for India is the lack of financial resources. He also urged not to forget that money is not always the main driver for entrepreneurs. For him, the motivation was more on problem-solving and helping people.

JASPER BOESSENKOOL, Head of Strategic R&D, Maritime Technology, A.P. Moller-Maersk A/S, talked about his experiences with Maersk and their collaboration with academia. Most important was to

recognise that the ultimate interests and objectives of the academic/research community may be different from the business community, but that this could nevertheless lead to win-win situations. He mentioned industrial placements by PhD students by way of example. Most important in these situations is the ability to stay flexible along the way and to keep up an on-going dialogue to steer the common project in the right direction. He urged businesses to 'do their homework' and to proactively approach higher education institutions worth collaborating with. In response to the question on how to encourage the large companies in Europe to spend money on innovation, Mr Boessenkool explained that businesses do not necessarily see what they get out of it. A learning process is required, and what would help would be to cut the red tape in the various publically funded programmes.

YRJÖ NEUVO, Member of the EIT Executive Committee, stressed the importance of true multidisciplinary working is important, but explained that there must be willingness for this: industry-academia collaboration can fail despite close proximity if the readiness is missing. In order to succeed, the objectives need to be clear right from the beginning for all involved partners. A common language about the impact is important and also to frame the collaboration in such a way that that everyone believes in it and will benefit from it.

Mr Neuvo was additionally asked for his recommendations to academia, to which he responded that education should be multidisciplinary at Masters level and PhD. In fact, multidisciplinary education should start at an even earlier age. There should also be more opportunities to look at the product rather than publications and the academic career; there is too much emphasis on research excellence per se.

To conclude the discussion, two voting questions were addressed to the audience:

1. *Which factors will drive the changes in the integration and collaboration of the Knowledge Triangle across Europe?*
2. *Which interactions within the Knowledge Triangle are most established today?*

41% of the audience thought that the evolution and changes in collaboration will be based on an increased experience base in this area, and 22% that it will be driven by actions taken at EU level. 77% stated that interactions between education and research are best established today.

The Panel took up these statements to further discuss which types of people or organisations are the drivers of innovation and can take the lead in facilitating greater collaboration and integration.

What are the panel's concluding recommendations to the KICs can be summarised as follows:

- Cut red tape, concentrate on a clear goal
- Be provocative
- Take risks
- Make it easy for others to collaborate with the KICs
- Align on education
- Be resilient

16. OUTLOOK TOWARDS 2020

XAVIER PRATTS MONNÉ, Deputy Director-General of DG Education & Culture of the European Commission, underlined that "the EIT has gone already a long way" and has managed to establish itself as a strong player within the European innovation landscape. However, it has also challenging tasks ahead. The proposal for the SIA sets a clear vision and strategy for the future of the EIT. He stressed that the proposal is meant as a proof of concept for the EIT. Mr Pratts Monné also underlined that the dissemination of results is crucial for enhancing the impact of the EIT.

17.SESSION: DISCUSSION AND Q&A WITH KICS CEOS ON PRECEDING KIC PRESENTATIONS

The half an hour session about questions and answers on the KIC CEO's presentation was moderated by Ms. PATRIES BOEKHOLT, the Managing Director of Technopolis Group.

The first question, addressed to all 3 CEOs, was posed from the representative of the Department of Business, Innovation and Skills from the UK, on Intellectual property right arrangements existing within the 3 KICs. The question raised if the KICs have different IP agreements on individual projects or if there is a model applied in all KIC related projects. The questioner also expressed interest in knowing whether, in addition to KIC InnoEnergy, the other 2 KICs retain an equity stake in an SME start-up.

WILLEM JONKER, CEO of KIC ICT Labs, underlined that they do have an IP arrangement however he is aware that the current one is not optimal. He has put the IP area on the spotlight and stressed that it is a field where KICs should really play a role. He also confirmed that KIC ICT Labs do not have stakes in SME start-ups.

MARY RITTER, CEO of Climate KIC reflected that Climate KIC has an overarching IP policy and also for projects that are involving a group of partners, they do have a consortium agreement which has a model section with possibility of alternatives to be inserted, and it is up to the group of partners to decide how they want to modify the variable sessions. The draft agreement in that case is checked by the KIC Lawyers to make sure that it is appropriate and within the policy.

DIEGO PAVIA, CEO of the KIC InnoEnergy complimented that for KIC InnoEnergy it took 9 months to negotiate the IP Policy, IP valuation and IP Guidelines. He believes that since it took such a long time it can be concluded that there was value around otherwise people would not argue too long. Mr. Pavia also confirmed that they do retain equity stake in start-up companies which they would like to keep on in the growth phase of the SME as well.

The next question from the audience was about the possibility to cooperate with the KICs, whether their door is already closed or still there is opportunity to join them.

MARY RITTER stated that Climate KIC has been reviewing its partnership strategy in the past few months, since like the other 2 KICs, they started their activities with a small number of partners ever since then they have been gradually growing. She has emphasized that Climate KIC grew from 27 partners to 180, hence the partnership strategy is not about closing doors but it is about making sure that we have the right balance. She explained to the participants that they have two types of partners, such as the co-partners who share the risk but also have a key vote on the strategy and finances, and there are affiliate partners that are real integral members of the community but they do not take the risk and they do not have such a strong voice. She also stressed that there are talks about whether they should have another category where the institution is not a formal partner and does not have to sign a legal agreement but is nonetheless part of the community. But the doors are not closed, since they have 20 co-partners at the moment, but they have not set up an absolute final top level of partners. However she believes that the final number should be around 30-35, since if it gets larger, there is a risk that the Assembly shall become dysfunctional. She therefore concluded that the door of the KICs `is not a totally open door but certainly not a closed one.`

WILLEM JONKER confirmed that the situation is similar at ICT Labs, so the partnership is growing, on all three levels, co-partners, affiliate partners and associate partners. Next to this, they have collaborators

who bring specific added value to the table for whom they can set up specific relationship for the related activities.

DIEGO PAVIA expressed that at KIC InnoEnergy there are 21 shareholders who have a backpack of obligations and of rights, and also 100+ activity partners that contribute to KICs activities, however there is no connection between being a shareholder and how much money you get for your activities as a partner.

The audience was also interested in KICs experience the 3 CEOs found so far in terms to response to a competition in the international component, and in the degree to which the KICs have criteria in relation to selection.

DIEGO PAVIA opened the series of answers with underlying that in terms of numbers they have started in 2011 the first intake, when out of 1300 applicants, they could award 155 seats out of 220 planned, due to seeking for excellence that is at the core at everything they do. In 2012, there are 2100 applicants for 196 seats.

MARY RITTER affirmed that the situation is similar at Climate KIC, where the selection is very competitive. She stressed that the key component for the master students is to come on the Climate KIC journey that has two steps. In the first one, the master students are selected by highly competitive criteria for the first two years and in the second step, they do select from those masters who can come on the KIC journey. Going forwards, the situation will change since Climate KIC will be taking the students full onto the master programs, notably into the new KIC program specifically tailored for innovation. In addition to that, students from all over the globe can apply to come on to journey as a free standing course, run additionally. There is a very high proportion for students from across Europe if we take one university running a program, however if we look at the free standing journey around 50 % of students are coming from outside of Europe, and she believes that it is a very effective way to promote EIT and KIC culture.

WILLEM JONKER expressed that at ICT Labs, they started to build a complete new, homogenous master school with more than 20 universities. It took a year to negotiate all the details with the universities, but all agreements are finalized by now and the recruitment is being run at the moment in order to start on 1 September, 2012 with this master school. The initial goal was to get 200 students, 50 % from Europe, 50 % from outside Europe. It shows that about 120-140 students can start the first academic year in September. He also affirmed that there is no problem in getting the 50 % students from outside Europe, however the 50 % inside Europe is a problem for two reasons. One of them is the brand, which is not well established. On the other hand, the tuition fee can be as well a challenge to get the students accordingly. The third challenge is the fact that mobility for Europeans is still a big issue, Europeans are tent to go for local solutions. They sign the contracts with all the universities and the contract shows the learning outcomes and selection criteria and also that they are forced to accept the centrally selected students at one of the universities, and even the placement is subject to flexibility among universities. The students can start one year in one university and then they can go to a second one. They all get the same ENI modules that are integrated in the curricula.

MARY RITTER complimented that universities can move on different speeds according to how much autonomy they have got. She explained that it has been an evolution of developing the journey and using it with existing masters and now Climate KIC is moving forward to their own special KIC masters in innovation who will be part of a pilot program with some universities to find it easier to initiate.

She also emphasized that even though there is an academic selection for the students, it is crucial to further interview the applicants, because it has to be found out if they really got the right potential for entrepreneurship. She believes that there are three key ingredients to developing entrepreneurs. 1. You have to give them the basic facts, e. g they have to have the knowledge 2. They have to have an entrepreneurial DNA 3. You have to give them the environment of the learning by doing.

The next question was posed from NEVENA VUKSANOVIC, the Chair of the European Student Union, who asked the CEOs if they plan to widen the access to students to the KIC master programs for instance by producing grants for students? She also asked the panel about the difference between Erasmus program and KIC master program and how they would persuade a student to go into KIC program instead of Erasmus.

WILLEM JONKER reflected that at ICT Labs, there are scholarship and waver opportunities. He also underlined that when it comes to widening the access to the programs, it is about positioning yourself in the market, about recognition, going out and advertising it, telling it to students and to use the first generation of the students to tell the followers why it is a great opportunity. The difference between Erasmus and their master programs lies down in the fact that ICT Labs Master Schools offer guaranteed internship with one of the top industrial partners, where it is not always easy to get in. Also the KIC Programs provide an ENI module, which is 25 % of the whole course; hence it is not a traditional course but really tailored to entrepreneurship and education. In addition to that that ICT Labs will support the graduated masters with a lot of mobility and moreover with a personal coach.

MARY RITTER from Climate Change affirmed that the brand is indeed not well known yet, since it is very new and in the first years, KICs mainly rely on the brand of the universities. However she as well stressed that the best advertisement is the word of mouth from the satisfied graduated students to the followers. Mary Ritter concluded that the higher number of applications for this academic year confirms this prediction therefore she remains quite optimistic about the future years as well, since 'Success breeds success'.

DIEGO PAVIA as well confirmed that KIC InnoEnergy provides scholarships which will be gradually decreased as the brand is being built and by time it will be the brand that will attract the best applicants. He stressed that last year, KIC InnoEnergy spent 1.6 M euros out of their own shareholders' money without EIT fund just to prime the pump and to bring the first 155 students into the academia, which is a proof that they do believe in the model.

With regards of comparison with Erasmus program, Mr. Pavia explained to the audience that they do have a specialization in master schools called SELECT (MSc Environment Pathways for Sustainable Energy Systems) which is building also on Erasmus Mundus. In this scene, the first year Erasmus students can finalize the second year with the entrepreneurship learning on the job and being in industry for the second year. He concluded his answer by underlying that 'We are part of an ecosystem that we have to adapt, interact and interface.

18. OPEN Q&A SESSION WITH KIC CEOS: “EVERYTHING YOU’VE EVER WANTED TO KNOW ABOUT ESTABLISHING AND OPERATING A KIC”

JOSE MANUEL LECETA, the EIT Director invited the participants to ask questions to the KIC CEOs, whilst bearing in mind that the European Parliament and the Council are still discussing on the Horizon 2020 proposal. Therefore the corresponding answers provided could not be considered as committing the EIT in any sense.



- **Legal set up**

Question: what are the EIT’s recommendations on setting IP Rules?

The IPR are very much sector specific and therefore there is no intrinsic value of having homogenised IPR across the KICs. However it might be interesting to make an inventory of the different approaches taken and provide guidelines on the different kind of IPRs to avoid creating deadlocks (based on return of experience from the KICs).

Question: Is there a legal structure particularly suitable to a KIC?

The main message shared by the CEOs is that this structure might evolve over time to better suit the needs of the KIC. The original structure has to be decided by the partners at the outset of the activities. The KIC partners have to understand that this is a mean to an end. One concrete lesson learnt is that the Dutch ‘Stichting’ is not appropriate since it engages the individual responsibility of the members of the Board.

- **Governance and Management**

Question: What is required in terms of contractual arrangements (Framework Partnership Agreement, Grant Agreement, Partnership Agreement)?

The model Framework Partnership Agreement has been established for the first 3 KICs. The EIT is working with annual Grant Agreements and the KICs are establishing Partnership Agreements. One point to mention is the fact that a financial guarantee is required.

Question: What are the first steps to build the management structure to have a successful preparation?

The CEOs shared the following advice:

- Discuss, discuss, discuss amongst the partners to precisely define the business model and then the vehicle
- A third party consultant might be helpful in terms of supporting the process and resolving issues amongst partners throughout the preparation phase
- A legal entity should be created with a clearly established decision-making process even during the preparation phase for the legality so that the decisions are not disputed afterwards
- The Steering Committee should only include the core partners in order to be able to take decisions under tight deadlines

- **Staff, partners, Colocation centers (CLCs)**

Question: How to choose the partners from inside and outside the European Union?

As such there is no geographical restriction as long as each partner has clear assignments on what it has to deliver in terms of added value to the KIC. For the CLCs, it is however important to create a geographical neighbouring to make the difference by generating a sense of belonging.

Question: How to organise the collaboration between CLCs to avoid silos?

The CEOs shared the following advices:

- make sure not to support initiatives where there is no European cooperation
- favour initiatives building on the competencies of more than 2 CLCs

Question: What is the ideal set up of a CLC?

The CLC should provide the geographical and activity focus but depending on the KICs the balance between the 2 might be adapted according to the different situations. A study on CLCs is available.

- **Funding**

Question: How much efforts are required for the preparation phase?

Based on the return of experience from the KICs, the main costs are those of the consortium. The institutions in the Steering Committee are providing their resources in kind. The third-party consultant contract is estimated between 100,000 and 150,000 Euros. The 3 existing KICs received a Preparatory Grant once selected, but it was mentioned that this did not cover the totality of the costs incurred. One KIC estimated the overall expenditure of the preparatory phase at around 3 Million Euros.

Question: How large is the industry financing in the different activities?

It defers from KIC to KIC but they all recognised that this is topic of prime importance since industrial partners might be the stakeholders needing more convincing to get on board.

Question: What is the amount of the Grants allocated to the KICs?

This information is available on the EIT website and is updated each year.

- **Business model, preparation of the Call**

Question: What went seriously wrong and what have you learnt from this?

The KIC CEOs shared the following experiences:

- choose the right Legal Structure (Cf. one of the previous questions)
- mobilise the resources in a different manner than “a la FP7”
- think of the financing model with the universities for the education programmes

Question: What are the main positives aspects of forming a KIC?

The KIC CEOs shared the following answers:

- contrary to other funding instruments, a KIC gives a larger freedom of maneuver to adapt the plans to the needs. This requires an effective governance model.
- It provides flexibility and a long term commitment (7 years)
- This allows for the creation of a stable community, which can have strong ambitions.
- The potential for rewards are enormous even if the preparation phase is very demanding

The session was concluded by highlighting the fact that this was the first time that the KICs were together speaking to Europe and this was the main objective of this conference to capitalise on this opportunity.