



European Institute of
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ENTREPRENEURSHIP

KNOWLEDGE

COOPERATION

STRATEGY

OPPORTUNITIES

ANNUAL REPORT 2012

INNOVATION

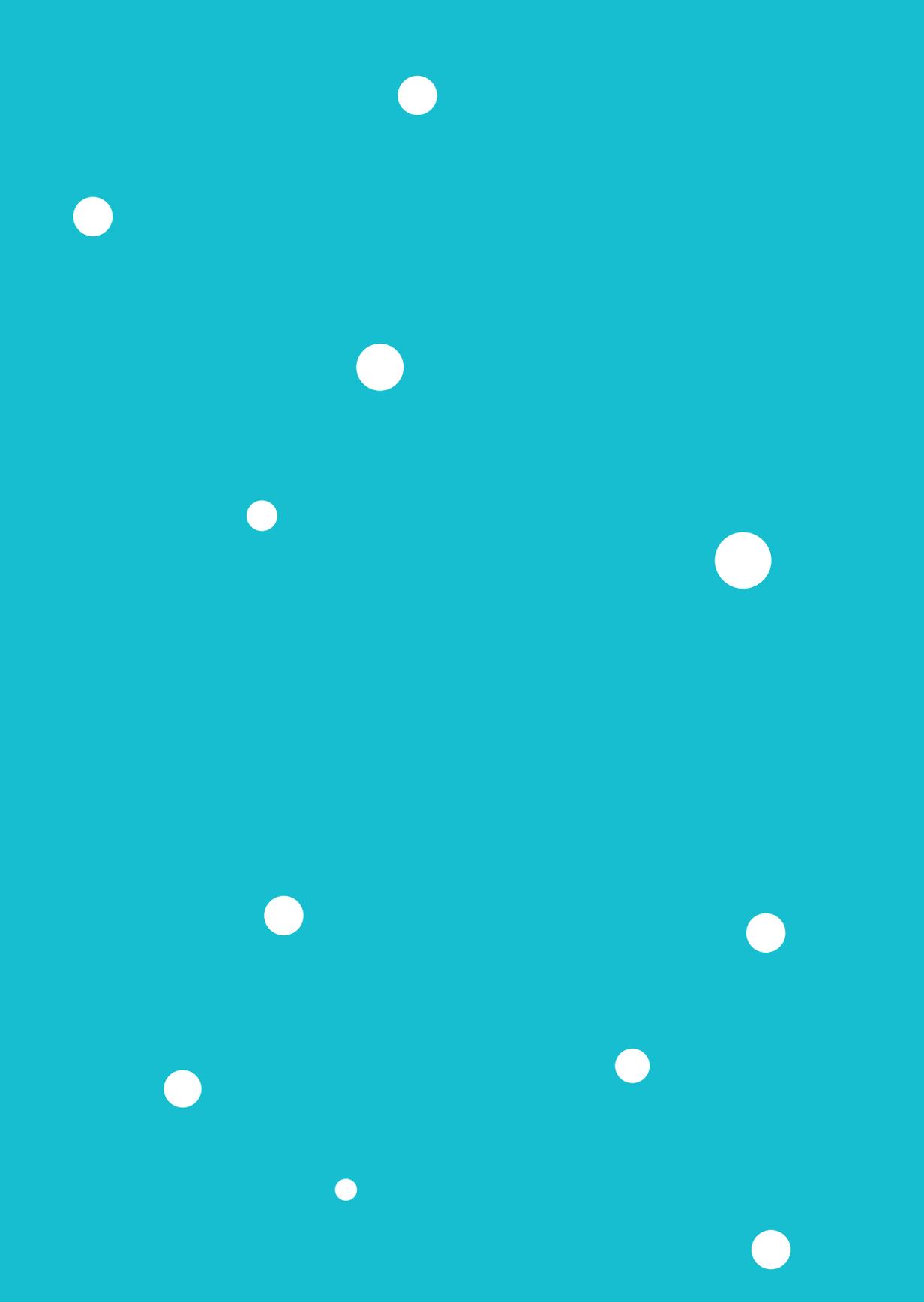
EUROPE

ACTIVITIES

PERFORMANCE

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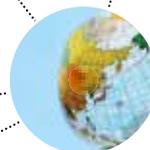
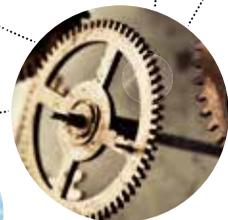
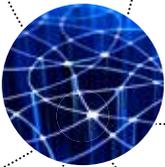


European Institute of
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ANNUAL REPORT 2012

EUROPEAN INSTITUTE OF INNOVATION & TECHNOLOGY



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More information about the EIT is available on the Internet (<http://eit.europa.eu>).
Cataloguing data can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2013

ISBN 978-92-95082-02-1
doi:10.2850/12202

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Printed in Belgium
PRINTED ON WHITE CHLORINE-FREE PAPER

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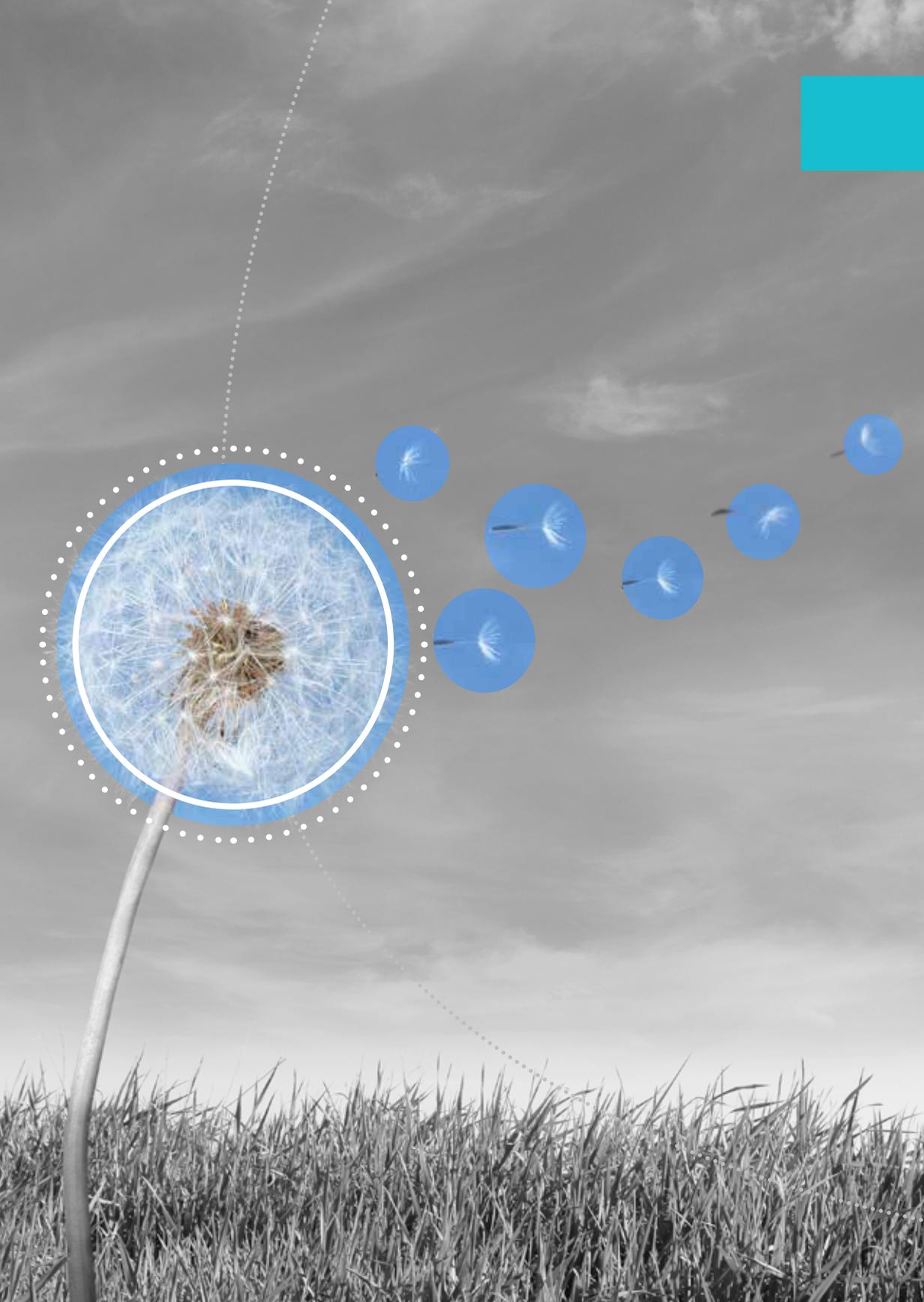
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FOREWORD

I am pleased to present the EIT's 2012 Annual Report, which hopefully gives you the opportunity to gain a more detailed understanding of the EIT's developing ambitions matched with some of our KICs' achievements over the past year.

The EIT's key goal for 2012 was to move from an initial start-up phase to a consolidation of activities with the existing three KICs as well as to start preparations for our future enlarged KIC portfolio and, last but not least, to realise our first offerings as an Institute for Europe that can build upon first results emerging to create clear impact also by disseminating good practices and learnings to the European innovation landscape.

Noticeable impact is not only dependent on a successful model and effective implementation thereof: it must be rolled out beyond the existing EIT community and spread in order to achieve the necessary critical mass. Thus, good practices emerging from the first three KICs must be identified and codified in line with the European remit of the Institute and to achieve this, we have been working closely with our three KICs to provide tangible benefits.

Our efforts are very much focused on positioning and shaping the EIT and the KICs as drivers of innovation that will deliver growth and jobs to Europe. I trust that by continuing to join efforts and to work closely together we will achieve this and I would thus like to thank everyone we have worked with in 2012 that have contributed to this. Action starts from

a belief that we need to not only think 'outside the box' but go beyond 'business as usual' in fostering a change of mind-set and realise that entrepreneurial innovation is also possible in the EU.

It is a responsibility but also a great privilege to help shape a new agenda for Europe in consolidating a new Institute that wants to translate a political ambition to approach innovation differently by putting emphasis on people ready to make a difference. In this regard, the staff at the EIT Headquarters in Budapest is fully committed to implement the strategic vision of the Governing Board under the leadership of the Chairman Alexander von Gabain, hand in hand with our unique partnerships and operative arms, the KICs. Our chance is in believing in and living our mission as an entrepreneurially driven Institute!

José Manuel Leceta
EIT Director

EIT Director José Manuel Leceta





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INTRODUCTION



The European Institute of Innovation and Technology (EIT) aims to enhance Europe's ability to innovate, which translates into adapting quickly to the fast pace of development, being one step ahead in providing solutions to rapidly emerging societal problems and turning them into entrepreneurial opportunities in terms of products and services.

The EIT is an independent EU body whose mission is to:

- increase European sustainable growth and competitiveness;
- reinforce the innovation capacity of the EU and its Member States; and
- create the entrepreneurs of tomorrow and prepare for the next innovative breakthroughs.

The EIT creates an unprecedented level of strategically structured collaboration between excellent higher education, business and centres with the aim of boosting the innovation process:

- from lab to market;
- from idea to product; and
- from student to entrepreneur.

The EIT aims to achieve its mission by fully integrating all three sides of the so-called 'knowledge triangle', i.e. higher education, research and business, in Knowledge and Innovation Communities (KICs). By bringing together major innovation players on a long term basis from all these dimensions to co-operate within the KICs, the EIT is able to promote pan-European innovation ecosystems in Europe.

The first three KICs were selected at the end of 2009 and established themselves in late 2010:

- **Climate-KIC:** addressing the field of climate change mitigation and adaptation
- **EIT ICT Labs:** addressing the field of information and Communication Technologies
- **KIC InnoEnergy:** addressing the field of sustainable energy.

These independent legal entities are part financed by EIT grants and must fulfil minimum requirements as to both physical and subject-matter integration. In doing so, the EIT is also a driver of novel innovation policy agendas, particularly in the fields of higher education, entrepreneurship and world-class innovation, which are being developed jointly with the KICs. Underlying all of the EIT's activities is the aim of encouraging and facilitating innovative approaches in the creation of ecosystems favourable to entrepreneurship-driven innovation while addressing society's Grand Challenges. In applying itself to this aim in a unique and innovative manner, the EIT and its KICs are driven by a pursuit of excellence in all of their activities and are established with the aim of reaching the necessary critical mass to achieve systemic impact, including the creation of new businesses and new jobs, and the promotion of new skills and entrepreneurial talent in the economy.



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EIT GOVERNANCE



The European Institute of Innovation and Technology (EIT) and its operations are managed by the Director, currently José Manuel Leceta. The Director reports to a fully independent Governing Board comprising of a balance of high-calibre professionals from business and academic backgrounds and is chaired by Alexander von Gabain; who started his three year mandate as Chairman of the EIT Governing Board on 15 September 2011.

The EIT Governing Board is responsible for the EIT's overall strategy and for the selection, coordination and evaluation of the 'Knowledge and Innovation Communities' (KICs). In accordance with the EIT Regulation, the mandate of the 12 members appointed to the EIT Governing Board in 2008 ended on 31 July 2012 and as such, a call for expression of interest identified future candidates for the EIT Governing Board. Following a rigorous

selection process, twelve new members of the EIT Governing Board were appointed by the European Commission on 24 July 2012 and the new members officially took up their positions on 31 July 2012.

The 12 new appointed EIT Governing Board members are: Gábor Bojár, María Garaña, Dr Ulf Johansson, Elpida Keravnou-Papailiou, Dr Jana Kolar, Prof. Marja Makarow, Prof. Peter Olesen, Dr Patrick Prendergast, Bruno Revellin-Falcoz, Gianfelice Rocca, Prof. Nigel Thrift and Jeroen Van Der Veer. The twelve new Governing Board members joined the six Governing Board members selected in 2008 with a six year mandate, namely Prof. Alexander von Gabain (Chairman of the EIT Governing Board), Dr. Daria Golebiowska-Tataj, Prof. Karen Maex, Dr. Peter Tropschuh, Linnar Viik, Prof. Wolfgang Herrmann.

All the EIT Governing Board members have a strong reputation in their respective fields and have shown a genuine interest in innovation.



EIT Director José Manuel Leceta
and Chairman of the Governing Board
Alexander von Gabain

GOVERNING BOARD MEMBERS



Alexander Von Gabain
Chairman of the
EIT Governing Board



Gábor Bojár



María Garaña



Daria Golebiowska Tataj



Wolfgang Herrmann



Ulf Johansson



Etpida Keravnou-Papailiou



Jana Kolar



Karen Maex



Marja Makarow



Peter Olesen



Patrick Prendergast



Bruno Revellin-Falcoz



Gianfelice Rocca



Nigel Thrift



Tropschuh Peter



Jeroen Van Der Veer



Linnar Viik

REPRESENTATIVE EIT GOVERNING BOARD MEMBERS



Lammasniemi Jorma



Christine Patte



Alfons Sauquet



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ENHANCING STRUCTURED COLLABORATION WITH THE KICS

A structured and comprehensive dialogue between the EIT and the KICs was established in 2011 by means of an EIT and KIC Forum and this effective co-operation was continued throughout 2012. Quarterly Forum meetings were organised with the participation of the KIC CEOs prior to each EIT Governing Board meetings thus streamlining progress regarding both strategic and operational issues of common interest.

Moreover, in 2012 the three existing Task Forces, namely Performance/KPI, Communications and Finance Task Forces operated successfully under the umbrella of the EIT-KIC Forum to tackle issues of a more technical nature. Each Task Force met regularly during 2012, prior to the EIT-KIC Forum meetings to which they report.

This systemic dialogue allowed issues to be identified at an early stage and to be tackled jointly, and improved overall visibility as to the results and successes of each of the entities

involved. An increased level of participation of KIC representatives and the high number of proposals discussed demonstrated the effectiveness of these collaboration platforms. In addition, the EIT HQ organised monthly discussions with each of the KICs to address KIC-specific issues incurred at both CEO and COO/CFO levels.

The Performance/KPI Task Force was set up to jointly define and operationalize a comprehensive EIT Performance Measurement System in consultation with the KICs. In a first phase, between December 2011 and February 2012, the KPI Taskforce, led by the EIT Director with the contribution of KIC CEOs (or their COO as representatives), designed the EIT's strategy map outlining the Institute's strategic objectives and related performance indicators. The second phase, namely the implementation of the performance indicators, started in May 2012 and was finalised in December 2012, completed the definition of the indicators and defined the plan for measurement and evaluation of the performance. The cross-KIC KPIs (so called core KPIs) are operational as of 30 November 2012.

This is an important achievement for the EIT, which now has a unique set of indicators developed together with the KICs to not only benchmark them but also to evaluate the EIT performance and setting the ground for a new approach in the evaluation of the outputs.



The three KIC CEOs with the EIT Director



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KIC GRANT MANAGEMENT

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During 2012, the EIT consolidated its operational activities by focusing on the grant management processes that safeguard the effective monitoring of the KICs' expenditure and reporting, both ex-ante and ex-post.

In order to achieve this, close cooperation with the existing KICs was required, which was realised by regular dialogue and workshops. Additionally, the EIT availed itself of in-depth expertise and technical knowledge by contracting experts to assist in achieving certain goals. By turning these processes into standard procedures that are clear, simple and predictable, the EIT prepared itself to handle an increased number of KICs in a manner most conducive to innovation.

4.1 Annual Grant Agreement 2011

Following the signature of the of the 2011 Annual Grant Agreements with the three KICs in early 2011, the guidelines for the preparation of the performance and cost reports for 2011 were provided to the KICs towards the end of 2011 and beyond the provision of the guidelines, systemic bilateral exchange of information took place.

In 2012, the closure of the Grant Agreement (GA) 2011 reporting took place both from an operational and financial aspect. The ex-ante

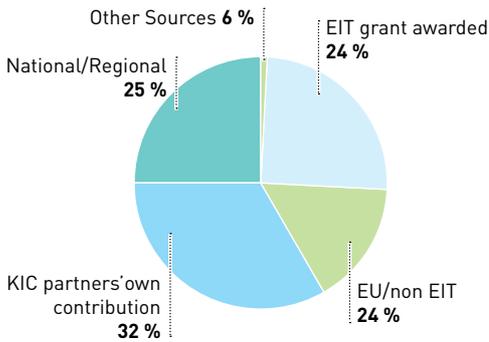
assessment of KIC reports was performed resulting in final balance payments or recovery in September/October 2012. The total EIT financial contribution awarded to the KICs was EUR 59 206 460. The final use of EIT grants resulted in EUR 48 611 007, i.e. the absorption capacity of the KICs was 82%. This was due to their relative youth and their focus on getting themselves set up.

In order to obtain additional assurance on the eligibility, legality and regularity of expenditure declared by the three KICs in respect of the Grant Agreements 2011, the EIT concluded a contract in 2012 with an external audit firm to perform ex-post financial audits, i.e. ex-post verification of the cost reports. The external audit firm audited 28 KIC Partners receiving funds from the EIT under the GA 2011 that were selected on the basis of a risk assessment (N.B.: The final audit reports of the ex-post verification are expected to be received by end of May 2013).

4.2 Annual Grant Agreement 2012

The three KICs submitted their business plans covering the period of 1 January to 31 December 2012 to the EIT in October 2011, as the basis for requesting the EIT financial contribution for 2012. Following the EIT assessment of the 2012 Business Plans submit-

KICs' budget in 2012



ted by each KIC as well as a Hearing on their Business Plans between the EIT Governing Board and each KIC on 30 November 2011, the following amounts were allocated to each KIC for 2012: EUR 23 231 253 to Climate-KIC, EUR 27 307 605 to EIT ICT Labs, and EUR 31 176 142 to KIC InnoEnergy. Thus, the total EIT financial contribution to the KICs amounted to EUR 81 715 000.

The criteria for assessing the business plans presented were the following: (1) links between the 2012 Business Plan and the previous Business Plans (2010 and 2011), (2) the contribution of KIC activities to the four strategic objectives derived from the EIT Scoreboard, (3) structured presentation of KIC added-value activities and other KIC activities (funded by non-EIT sources), and (4) financial plan.

These amounts were awarded to each individual KIC by signing all three annual grant

agreements between March and 17 April 2012. In the course of 2012, additional funds of EUR 8 100 000 were allocated, committed and proportionally split between the three KICs with the purpose of extending their portfolio of activities in the field of outreach. The final EIT financial contribution to the three existing KICs for 2012 therefore amounts to EUR 89 815 000.

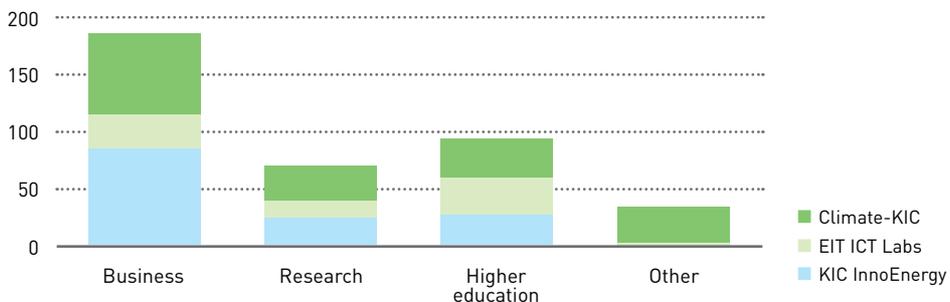
4.3 Annual Grant Agreement 2013

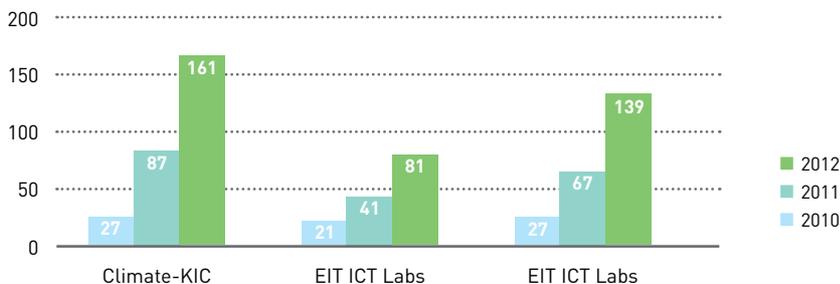
As part of the preparation for the process leading to the EIT's 2013 financial allocation to the KICs, the EIT implemented for the first time in 2012 the competitive funding allocation in accordance with the [2009 Call for KICs](#) and the Framework Partnership Agreement concluded with the three designated KICs.

This mobilised internal resources to:

- design and communicate to the KICs the principles, criteria and processes related to this allocation in compliance with the mandate of the EIT Governing Board given to the Director;
- perform the assessment of the KICs past performance based on core KPIs (key performance indicators) that had been agreed upon during the course of 2012 with the existing KICs;
- select, contract, brief and manage external experts in charge of the evaluation of the KICs

Number of KIC partners per category in 2012





Number of partners per KIC (2010-2012)

2013 Business Plans supporting the EIT HQ team in carrying out its assessment;

- design the templates, information/presentation material and processes to conduct the three parts of the evaluation - KICs past performance, 2013 KICs Business Plan and Hearings with the EIT Governing Board;

- share the results of the above with the EIT Governing Board and the KICs.

Following an assessment of the 2013 Business Plan submitted by each KIC, as well as EIT Governing Board hearings with each KIC on 12 December 2012, the following amounts were allocated to the KICs for 2013: EUR 44 325 619 to Climate-KIC, EUR 41 129 171 to EIT ICT Labs, and EUR 43 410 918 to KIC InnoEnergy. Thus, the total EIT financial contribution to the KICs for 2013 amounted to EUR 128 865 709. This represents a 44% increase of funds compared to 2012.

The EIT was assisted by six external experts in performing the assessment of the KICs' 2013 Business Plans thereby assuring reliability and independence. In order to facilitate the work of the experts and maximize their added-value, the EIT developed templates, presentations and flowcharts to plan and manage in a project management approach the contributions of the experts as part of the remote and the consolidation phases.

The Grant Agreement 2013 signature was prepared in the second semester of 2012 by

conducting a detailed consultation process with involved stakeholders. This led to signature by 15 February 2013 with all three KICs. Significant progress in the signature date of the grant agreements was achieved compared to previous grant cycles.

4.4 KIC Activities and Achievements in 2012

Europe needs to embrace a true entrepreneurial culture, which is essential for capturing the value of research and innovation, for setting-up new ventures and actual market deployment of innovations in potential high-growth sectors. KICs are doing just this by integrating education and entrepreneurship with research and innovation and operating according to business logic and a results-oriented approach.

The EIT does not address education, research and innovation independently but instead simultaneously, as constitutive elements of a single innovation chain, to deliver incremental and disruptive innovation. To support the EIT in this objective, KICs carry out a whole range of activities, covering the entire innovation chain – including training and education programmes, reinforcing the journey from research to the market, innovation projects and business incubators.

During the course of 2012, each KIC implemented and ran specific activities as outlined in their 2012 Business Plans. A summary of these activities and their results for each KIC is presented in the next section.

Spotlight on Climate-KIC's Activities and Achievements in 2012

Education

The Education pillar launched the first Climate-KIC activity in 2010. During 2012, the Education pillar continued to develop the innovative scope of the educational programmes to train new generations of entrepreneurs. Climate-KIC successfully delivered the first wave of Climate-KIC EIT labelled Masters programmes in 2012. These 31 programmes run by Climate-KIC are an innovation in education, allowing students to become highly specialised science or business graduates who are 'switched on' to innovation and entrepreneurship relevant to climate change, and act as part of a diverse European community.

Of the wide range of cross-sector, cross geography and cross discipline activities that take place, The Journey, a summer school aimed at strengthening the entrepreneurial skills of its participants, remained highly successful and popular. During the year 2012, 241 of Climate-KIC Master's and PhD students attended one

of the 5 Journeys – each Journey was hosted by three of Climate-KIC's Co-location Centres (CLC) and Regional Implementation Centres (RIC).

Entrepreneurship

Climate-KIC's Entrepreneurship pillar helps entrepreneurs, start-ups and businesses bring their climate innovations successfully to market – leveraging the full potential of the Climate-KIC innovation community.

A major objective for 2012 was to harmonise the support of new climate start-ups. The establishment of the Climate-KIC incubator network (11 incubators across Europe) together with the development of a successful three-stage support approach, with 78 ideas incubated, was an important result of this harmonisation exercise.

The Climate-KIC helped small businesses innovate via SME vouchers, enabling young companies to enhance the specification of their products, services and business cases with the specialised support of Climate-KIC partners, and to be introduced to their first customer. 20 SMEs received this support in 2012.

Further dissemination and extension of the Climate-KIC entrepreneurial community was achieved via the Pioneers-into-Practice programme – designed to train people who are multi-skilled, able to combine technical specialities with social understanding and entrepreneurial capacity in order to address the challenges of climate change. In 2012, 172 participants combined cross-sector placements and mentoring together with two-day crucibles to share their experiences, and now join a community of more than 300 Climate-KIC 'change agents' across Europe.



Participants discussing at the
Climate KIC Innovation Festival

Innovation

A major achievement in 2012 was the development of the eight Challenge Platforms. These challenge platforms fall within Climate-KIC's four main themes and correspond to the 8 programmes planned in the original Proposal. Each platform is led by a team of world class experts drawn from across the Co-location Centres (CLC)/Regional Implementation Centres (RIC), and with representation from business, academic and public sectors. They are tasked with the development of a specific strategy.

During 2012, Climate-KIC ramped up its project portfolio of both innovation and pathfinder projects. The former are major innovation projects aimed at the development of new technology or services, while the latter are small agile projects that are used for scoping market opportunities and identifying barriers to innovation and its implementation. 7 new Innovation and 8 new Pathfinder projects were launched in 2012, bringing the total of current running projects to 17 Innovation and 10 Pathfinder.

More information: www.climate-kic.org



Winners of the 2012 Climate
KIC Venture Competition

Climate KIC brings together
close to a hundred partners
in cooperation



Climate KIC entrepreneurs



Spotlight on EIT ICT Labs' Activities and Achievements in 2012



The overall objective for EIT ICT Labs in 2012 was to Invest for Impact. The EIT ICT Labs set of Education, Research, and Business tools – so-called catalysts – fosters and drives ICT innovation activities. Students, researchers and teachers are equipped with skills for creativity, risk-taking and entrepreneurial capacity by catalysing and renewing the ICT educational programmes at Master's and PhD level. Researchers and engineers participate in mobility programmes and get access to networks, meetings and state-of-the-art test beds and living labs. Entrepreneurs get coaching on how to bring ideas to market, access to finance and support in business and consumer development. Companies will benefit from the exchange of information and knowledge with researchers as well as access to top ICT students.

As part of the Innovation and Business Strategy, this materialised through the reorganisation of the business action lines with in particular the launch of the Business Development Accelerator

Programme further integrating the business development activities across EIT ICT Lab's six Co-location Centres. The main activity of the Business Development Accelerator team in 2012 was to give hands-on intensive support to typical EIT ICT Labs start-ups and SMEs. A set of selection criteria was developed that shows the EIT ICT Labs typicality of support in comparison to more local carrier projects. During the year more than 30 companies received coaching and mentoring from the business developers.

With regards to the Co-location Centres, EIT ICT Labs made several investments during 2012 in terms of personnel recruitment and strengthening of the business development activities. Trento in Italy officially became the sixth Node of EIT ICT Labs in 2012. The Trento Node focuses on leveraging ICT for Quality of Life. Co-located in the FBK Research complex in Povo, Trento, in front of Trento Technical University it is close to its core partners - Engineering, Telecom Italia and TrentoRise.

In line with the 'invest for impact' approach, the EIT ICT Labs action lines became more and more focused on concrete impacts, generating more than 40 knowledge adoptions and transfers, more than 10 new companies created and more than 15 new products and services launched into the market.

During 2012, the main education initiatives of EIT ICT Labs, the Master School and the Doctoral School moved from preparation to implementation. The EIT ICT Labs Master School is a two-year programme (120 ECTS) at advanced level leading to a double Master's Degree including a mandatory Innovation & Entrepreneurship (I&E) Minor (30 ECTS) embedded in seven Technical Majors. Apart from the re-design of first rate



**EIT ICT Labs Bubblewall developed
to make collaboration between partners easier**



**EIT ICT Labs CEO Willem Jonker
signing the Memorandum of
Co-operation with the FI-PPP in the
presence of Commissioner
Kroes and Commissioner Vassiliou**



EIT ICT Labs

Technical Masters programmes at top European Technical Universities, so that they can be integrated with a standardised Business Minor, the main added values of the Master School are to provide all students with an industrial mentorship programme, guest lecturers from industry, and a three month industrial internship. Having signed agreements with 19 EIT ICT Labs university partners in November 2011, the recruitment was launched in early 2012 with 500 online applicants resulting in 200 complete, eligible applications and 94 students finally selected after a thorough evaluation process.

A Cooperation Agreement between EIT ICT Labs and selected partner universities was concluded in 2012, which specifies the criteria for the EIT label of the Doctoral Degree, the operational procedures, the content of the unique and standardised Innovation and Entrepreneurship (I&E) education, and the requirements for specific Doctoral Training Centres (DTC). This agreement was signed by more than ten Higher Education Institutions and more are expected in 2013. In addition, EIT ICT Labs has developed the Doctoral Training Centre concept to further promote focused business-academia collaboration in the context of Co-location Centres and the local business ecosystem. A DTC links more

intimately doctoral studies and industrial scientific challenges within the scope of EIT ICT Labs Action Lines. The DTCs will also be essential for implementation of the I&E education. Four DTCs were created during 2012 in Budapest, Helsinki, Rennes and Trento. By the end of 2012, the Doctoral School had already admitted its first 40 doctoral students.

In alignment with EIT ICT Labs' strategy to foster synergies with existing EU initiatives and programmes, EIT ICT Labs signed a Memorandum of Co-operation with the partners of the Future Internet Public-Private Partnership programme (FI-PPP). The co-operation under the programme aimed to foster joint actions in innovation and will initially focus on deploying EIT ICT Labs business catalysts to facilitate the take-up of FI-PPP results by small and medium sized companies.

The Marketing and Communication activities continued to establish EIT ICT Labs as a recognised innovation brand in education, research and business development. A significant milestone of 2012 was EIT ICT Labs' successful participation in the influential CeBIT conference.

More information: www.eitictlabs.eu

KIC InnoEnergy students winning
second prize at Hult Global Challenges
competition in the presence of Bill Clinton



Spotlight on KIC InnoEnergy's Activities and Achievements in 2012

The results of KIC InnoEnergy in 2012, for the three pillars of the 'knowledge triangle' and Management and Coordination, are shown below:

Education:

- 560 students are currently enrolled in 7 MSc programmes (3 were launched in 2012), 3 Executive Education programmes (all with at least 60 ECTS) and the PhD School.
- More than 1028 new eligible candidates applied to join KIC InnoEnergy Master's programmes in 2012
- 23 out of the first 28 MSc EIT labelled graduates entered the labour market, with an average salary of EUR 29 000, that is 15% above what their peers earn in their first jobs.
- A quality assessment, to check compliance with the EIT-label criteria, was performed in all 7 MSc programmes. Three of the Tracks obtained their EIT Label and all of them have an improvement plan for reaching in 2013 the EIT Label.

Innovation Projects:

- 41 innovation projects have been running (15 launched in 2012) in all thematic fields, with:
 - > 108 companies involved (of which 55 are SMEs)
 - > 45 new products and services defined as forecasted outputs, most of them with a final business case (product definition, competitive advantage, Net Present Value)
 - > The three objectives of KIC InnoEnergy (decrease of energy cost, increase of operability and decrease of greenhouse effect) are fully covered by the portfolio of projects.
 - > 25 patents filed out of 69 pre-identified patents, and 1 of them registered.
 - > 2 SME industrial processes and 1 from major industries are being upgraded with products and services out of the Innovations Project portfolio.

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KIC GRANT MANAGEMENT



KIC InnoEnergy Supervisory
Board meeting held at the
EIT Headquarters in Budapest



KIC InnoEnergy entrepreneurs



- > 25 of the current innovation projects (an increase of 10 compared to 2011) have integrated two dimensions of the 'knowledge triangle', and five projects all three dimensions (i.e. doctoral candidates from the PhD School who are involved in the innovation project, following the PhD School and are planning to establish a start-up based on the innovation created).

Business Creation:

- 184 entrepreneurs with a business idea (cumulated from 2010 to 2012) have asked KIC InnoEnergy to nurture them.
- At the 2012 year-end, the KIC InnoEnergy Highway™ comprised 25 ventures.
- 8 start-ups have been created.
- A team of 5 student-entrepreneurs came second in the worldwide contest HULT

Global Challenge, sponsored with 1 million USD by former US president Bill Clinton, in the course beating teams from established institutions such as MIT, Stanford and Cambridge.

Management and Operations:

- Awareness of the KIC/EIT model:
 - > KIC InnoEnergy organised 40 events in 2012
 - > It has been present, most of the times actively, in 120 events organized by third parties, with half of it specialised in sustainable energy matters, showing a complete complementarity to other instruments, mechanisms and institutions working in sustainable energy.

More information:
www.kic-innoenergy.com



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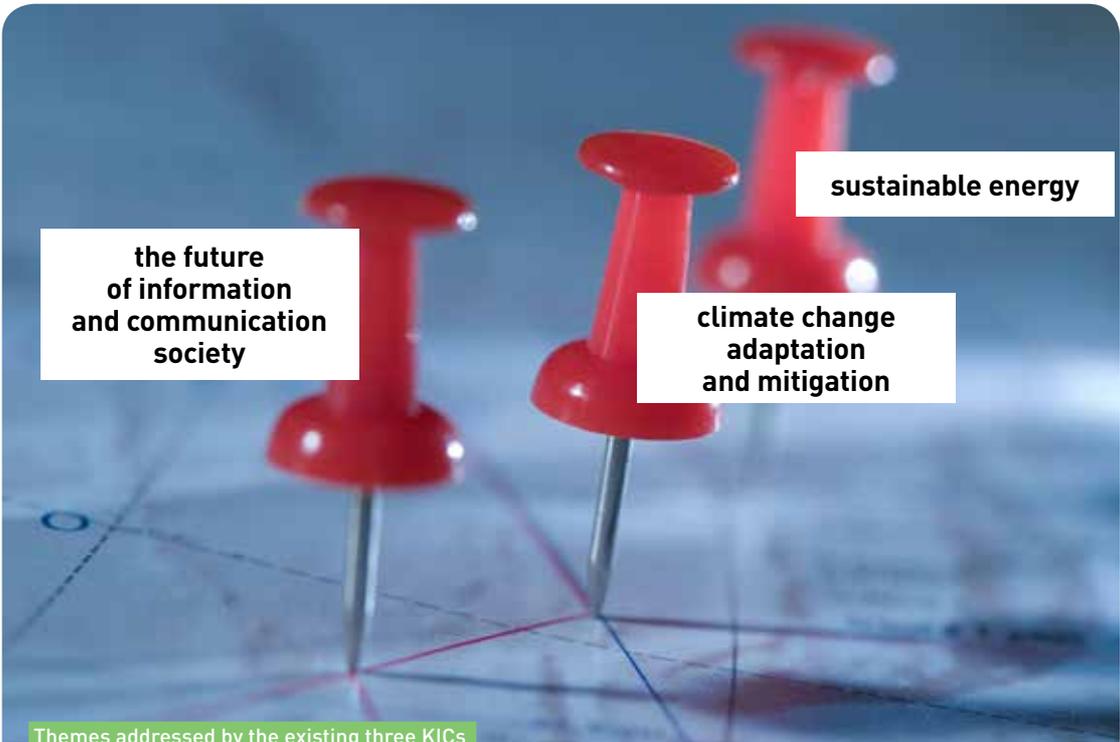
PREPARING FOR THE NEXT WAVE OF KICS

The EIT has designated and established three KICs to date; each set up as a separate legal entity that focuses on a different priority area, responding to great challenges of our societies: climate change adaptation and mitigation, the future of information and communication society and sustainable energy. With the aim of reaching a critical mass of KICs and contributing to the large-scale impact which the European Union needs, based on the EIT Governing Boards' initial proposal of June 2011, the European Commission put forward a proposal for new portfolio of KICs in the [Proposal for a Strategic Innovation Agenda for the EIT](#) in November 2011 (to be adopted by the European Parliament and Council in 2013).

As such, the EIT began to prepare for a future Call for KICs during 2012. The following actions were taken following the set-up of a specific Working Group of the EIT Governing Board dedicated to this topic:

- creation of an internal platform (HQ Task Force) to generate, develop and implement measures in connection to the future Call;
- drafting of the planning / timeline, working documents and key issues on the future Call;
- under the auspices of the Cyprus Presidency of the EU and the European Commission, the EIT participated in an event dedicated to the six thematic areas of the new KICs as proposed in the SIA;





Themes addressed by the existing three KICs

- contracting an external expert to benchmark best practices in Europe and outside Europe, for the evaluation and selection process of proposals, as well as to produce a SWOT analysis of the different possible designs for the selection process.

During its December 2012 meeting, the EIT Governing Board also adopted an indicative roadmap with concrete deliverables for 2013 (dependent on the outcome of the negotiations in the European Parliament and Council on the 2014-2020 budget, the Horizon 2020 proposal as well as the Proposal for the EIT's SIA and amended Regulation) namely: 1) criteria to select KICs and evaluation process; 2) Framework Guidance for proposers; and 3) Call text.

At the same time, an indicative roadmap on dissemination events was adopted by the EIT Governing Board detailing the timing of different types of events, such as an event during the Irish Presidency of the EU, EIT Awareness Days,

thematic events for the thematic areas that will be decided upon by the European Parliament and Council and national Information Days.

In November 2012, the Cyprus Presidency of the Council of the EU and the European Commission organised a Conference entitled: 'European Institute of Innovation and Technology Stakeholders Conference – Addressing Societal Challenges through the EIT'. The conference aimed to bring together the European innovation community to discuss the future of the EIT, including the contribution of its existing and potential future Knowledge and Innovation Communities (KICs) to tackling Horizon 2020 societal challenges. Special focus was given to the setting-up experiences of the first wave of KICs, and the key elements for establishing a future KIC. The target audience had emphasis in the participation of Representatives from the Higher Education, Business, Research and Innovation Communities and decision-makers at the EU, national and regional levels.

FUTURE WAVE OF KICS CALL - INDICATIVE PLANNING

This indicative planning and the respective milestones was produced in mid 2012 and its implementation and respective timings is dependent on the outcome of the negotiations in the European Parliament and Council. For all the latest information on the future wave of KICs, please refer to the EIT website.

1

PREPARATION

OCTOBER 2012
DECEMBER 2012

- > assign roles and responsibilities
- > set-up EIT Internal Task Force and a Governing Board Working Group; detailed planning/action plan
- > decision on IT systems and dissemination plan
- > detailed notes on KICs Call strategic and operational issues

2

DEVELOPMENT

JANUARY 2013
DECEMBER 2013

- > decision/implementation of key strategic and operational issues on the Call (selection/evaluation criteria, Call text, Framework Guidance)
- > IT system implemented
- > dissemination events
- > EIT readiness to launch the Call

3

PUBLICATION

JANUARY 2014
JUNE 2014

- > the Call is launched, published and open for applicants to submit their proposals
- > set-up Helpesk while the Call is open
- > selection of evaluation experts
- > guidelines and debriefing with experts

4

EVALUATION & DESIGNATION

JULY 2014
DECEMBER 2014

- > administrative and eligibility checks by EIT
- > evaluation of proposals by experts
- > the EIT Governing Board Hearings with shortlisted KICs
- > designation of new KICs by the EIT Governing Board

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CONTRACTING AND SET-UP OF NEW KICS

JANUARY 2015
DECEMBER 2016

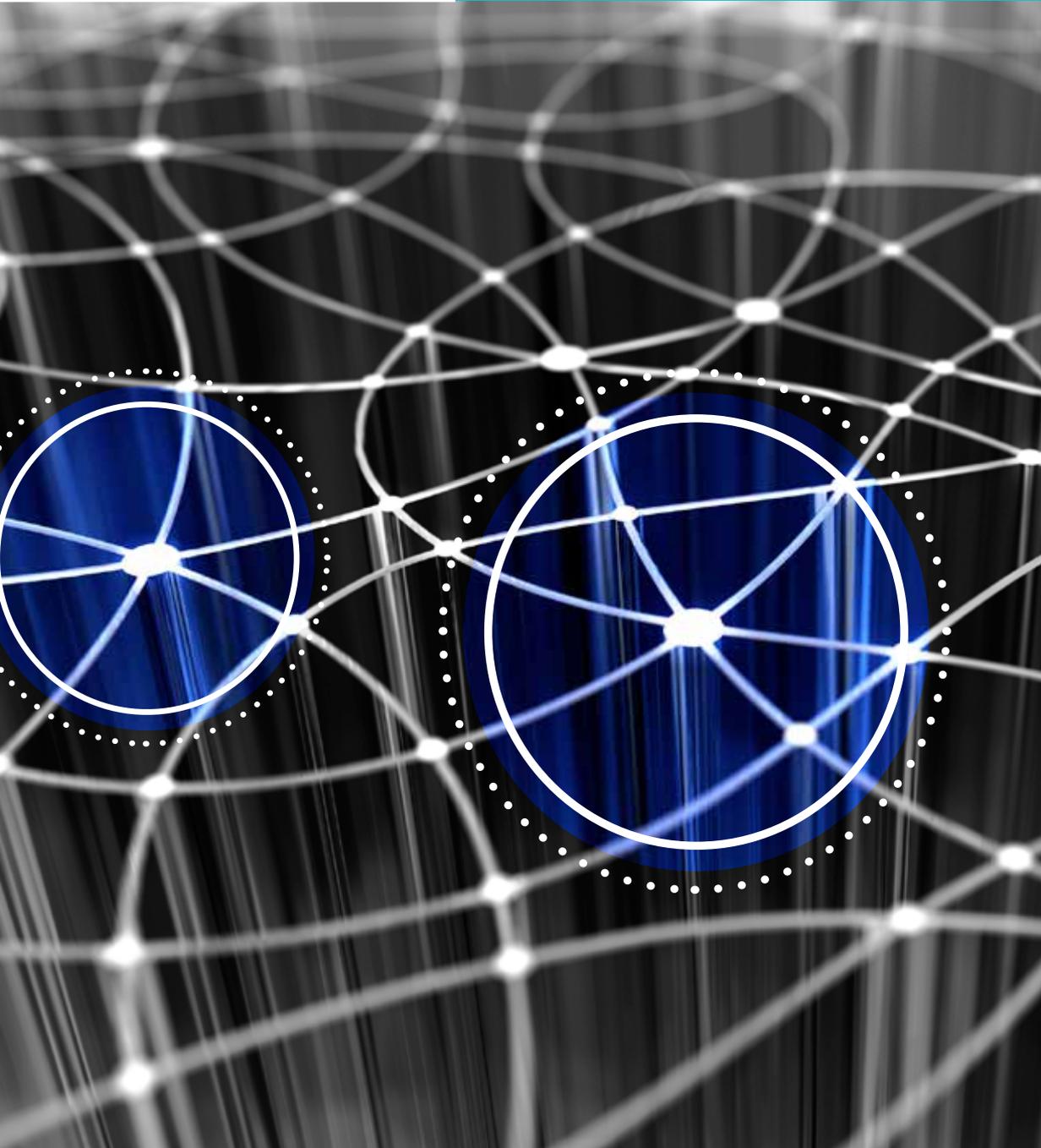
- > negotiation of contracts with designated KICs
- > signature of the Framework Partnership Agreement for a period of seven years (2015-2021)
- > Grant Agreements 2015 and 2016 with the new KICs
- > EIT support/guidance to the new KICs



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KNOWLEDGE AND INFORMATION MANAGEMENT

Knowledge and Information Management at the EIT focuses on identifying and mapping processes and information flows, and support the streamlining of these through the development of IT tools. In 2012, the EIT started the development of a Knowledge Management platform to secure the retention and the availability of the knowledge and information, particularly with regards to its own as well as the KICs' operations.

An IT Steering Committee was put in place at the initiative of the Director, thereby identifying as a strategic project the reinforcement of the Document Management with particular attention to the documents related to the grant cycle. An internal working group has been set up focused on the reorganization of the documentation related to the EIT and the KICs that have consolidated all documents from the past exercises.

To strengthen communication and collaboration between the EIT and KICs, an appropriate system was set up through the new platform called 'Duna', an extranet website where the EIT can safely exchange data and documents with the KICs, the Commission's observers and the Governing Board.

In addition to this platform, a new filing system was developed to properly secure the traceability of the management of the documents. This includes a compliant correspondence filing register, and a document filing structure. Finally, the EIT started to develop an Information System to secure the management process of the documents related to the KICs Grant Cycle and in particular for the submission and assessment of the reporting concerning the Grant Agreement 2012.





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FOSTERING EDUCATION AND ENTREPRENEURSHIP

> Spotlight on the first EIT Awards 30

During 2012, the EIT focused its activities mainly on two of the main knowledge triangle pillar agendas, namely education and entrepreneurship whilst the Institute started to pave the way for running the third one during 2013 on world-class research/innovation. Information exchange and workshops have regularly been organised by the EIT with the three existing KICs to foster cooperation in these cross-KIC agendas and with the purpose of further outreach, mutual learning and future KIC collaboration.

Education

The main achievement of 2012 in these areas is the finalisation of the handbook for the quality assurance and learning enhancement model, its approval and adoption by the EIT Governing Board in June, and launching the pilot implementation of EIT labelled degrees. This led to the first assessment of Master and PhD courses offered by each KIC. By the end of 2012, more than 35 Masters courses had already obtained the EIT Label which recognises their orientation to fostering entrepreneurial creative mind-sets, focused on innovation. Label implementation is the result of a strong cooperation of all parties involved. Securing the EIT Label's standard requires continuous future interaction between the EIT and its KICs. During 2012, relevant higher education stakeholders were also consulted about the EIT Label and the Handbook with both positive and constructive feedback.

Entrepreneurship

Several initiatives were launched by the EIT in 2012 including the first EIT Entrepreneurship Award and the Roundtable of Entrepreneurs. The latter was launched for the first time in September 2012 with a meeting that gathered in Budapest well known and successful entrepreneurs and venture capitalists. This first event served to identify key topics that will be further analysed with dedicated experts from policy and practice from 2013 onwards.

EIT Foundation

2012 was also an important year to set up the operational basis of the EIT Foundation (EITF) and define its activities further. The EIT cooperated with the EITF mainly by participating in the three working groups with the purpose to plan different action lines, namely an internship programme, the Young Leaders group initiative, and the Innovation Forum. A visit by the EITF Chairman with members of its Board to the EIT HQ in Budapest took place in March 2012, thereby establishing the practice of a dialogue coupled to regular contacts between the EIT Director and the Secretary General of the Foundation.



Spotlight on the first EIT Awards

Commissioner Vassiliou and
Chairman of the EIT Governing Board
Alexander von Gabain listening to the pitches



On 21 February 2012 the EIT, together with *Science Business*, organised the 'European Entrepreneurship Summit' in Brussels that focused on how to unlock Europe's innovation potential and address the various challenges faced by European entrepreneurs. During this high-level event, the first EIT Entrepreneurship Awards were celebrated, together with the ACES awards.

A central part of the EIT's mission is to create the framework that will allow a fresh entrepreneurship culture to flourish – both as a mindset and as an action. The annual 'EIT Entrepreneurship Awards' were granted for the first time in 2012, as an initiative to promote the entrepreneurial risktaking culture in Europe. The Award Competition highlights and encourages entrepreneurial ventures within the EIT's three thematic areas, and it is organised in collaboration with the Knowledge and Innovation Communi-

ties (KICs): Climate-KIC, EIT ICT Labs and KIC InnoEnergy.

For the first time in 2012, each KIC put forward three outstanding entrepreneurial ventures with a high innovation potential within the thematic field addressed by the KIC. The nine nominated ventures were invited to Brussels, Belgium to pitch their business ideas to an expert audience.

The following three winners were finally selected:

- EIT Climate Change Award: NAKED ENERGY.

A renewable energy company combining photovoltaic energy and solar thermal energy technologies to generate both hot water and electricity

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Trifense CEO Patrick Duessel
accepting his award

Naked Energy CEO
Chris Williams pitching



- EIT ICT Entrepreneurship Award: TRIFENSE.

A venture specialising in a self-learning technology which protects computer networks against unknown cyber threats

- EIT Sustainable Energy Entrepreneurship Award: NOEM.

A company designing a modular, mobile, sustainable and energy-efficient house



Noem CEO Rosa Vilarasau
answering questions
from the audience

This first wave of KIC ventures highlighted the extent to which the activities of the KICs integrated all elements of innovation, from initial discovery to invention and translation to the market, exploiting knowledge and skills of talented individuals nurtured by their corresponding KIC communities.

Start Up!



First EIT Award winners with Commissioner Vassiliou,
the Chairman of the EIT Governing Board,
the Director of the EIT, the three KIC CEOs and
EIT Governing Board Member Daria Golebiewska-Tataj



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RAISING THE EIT'S VISIBILITY AND AWARENESS

> Spotlight on the EIT Conference on Good Practices & Learnings 34

As the KICs and the EIT consolidate their operations and first conclusions are drawn in terms of emerging practices and outputs, it is vital that such results are disseminated and publicised in order to build upon and showcase the readiness and full potential of the EIT and its KICs beyond partners and individuals currently participating in their activities, thereby creating benefits and value across the European innovation landscape.

During the course of 2012, this was achieved on the basis of the various strategic communications activities building upon the strengthened EIT and its activities. A number of new activities were added to complement existing ones, thereby strengthening the portfolio of awareness actions undertaken by the EIT, such as the production of [videos](#) and the first issue of the EIT & KICs [newsletter](#).

The EIT, although fairly widely discussed and increasingly appreciated within innovation policy circles, does not yet benefit from a real and recognisable corporate identity that it must develop in order to achieve its full potential. In order to do so, the EIT conveyed its existing messages through KIC-driven evidence. The Institute also aimed to step-up its contributions to the overall innovation policy dialogue, and to develop itself into a source of innovation practices and approaches within the Knowledge Triangle.

In order to gain increasing impact and visibility, the EIT launched a refreshed website in March 2012 that allowed for greater functionality and features to be achieved, and actively promoted itself by using different media and communication tools with a view of reaching diverse user groups and interested audiences. Emphasis was put on practical stories and people testimonies resulting from EIT activities.





Spotlight on the EIT Conference on Good Practices & Learnings

The conference 'Good practices & learnings linking business, research and higher education' that was held under the auspices of the Danish Presidency of the EU, served to highlight precisely these first findings and lessons learned so far at different EIT governance levels.

This event attracted over 300 participants in person and more than 360 viewers of the live stream online. It was the first EIT event of this scale at which the Institute was able to actively engage with and reach out to a wide 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,



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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 activities so far. Additionally, the Conference served as a forum for representatives from all sides of the knowledge triangle as well as innovation policy makers and practitioners to interact. The different sessions provided the framework of wider discussions on how innovation has been fostered to date and what can be done to share and shape creative innovation practices in the future.

The full conference report is available on the [EIT website](#).



Anne Glover
addressing
the audience



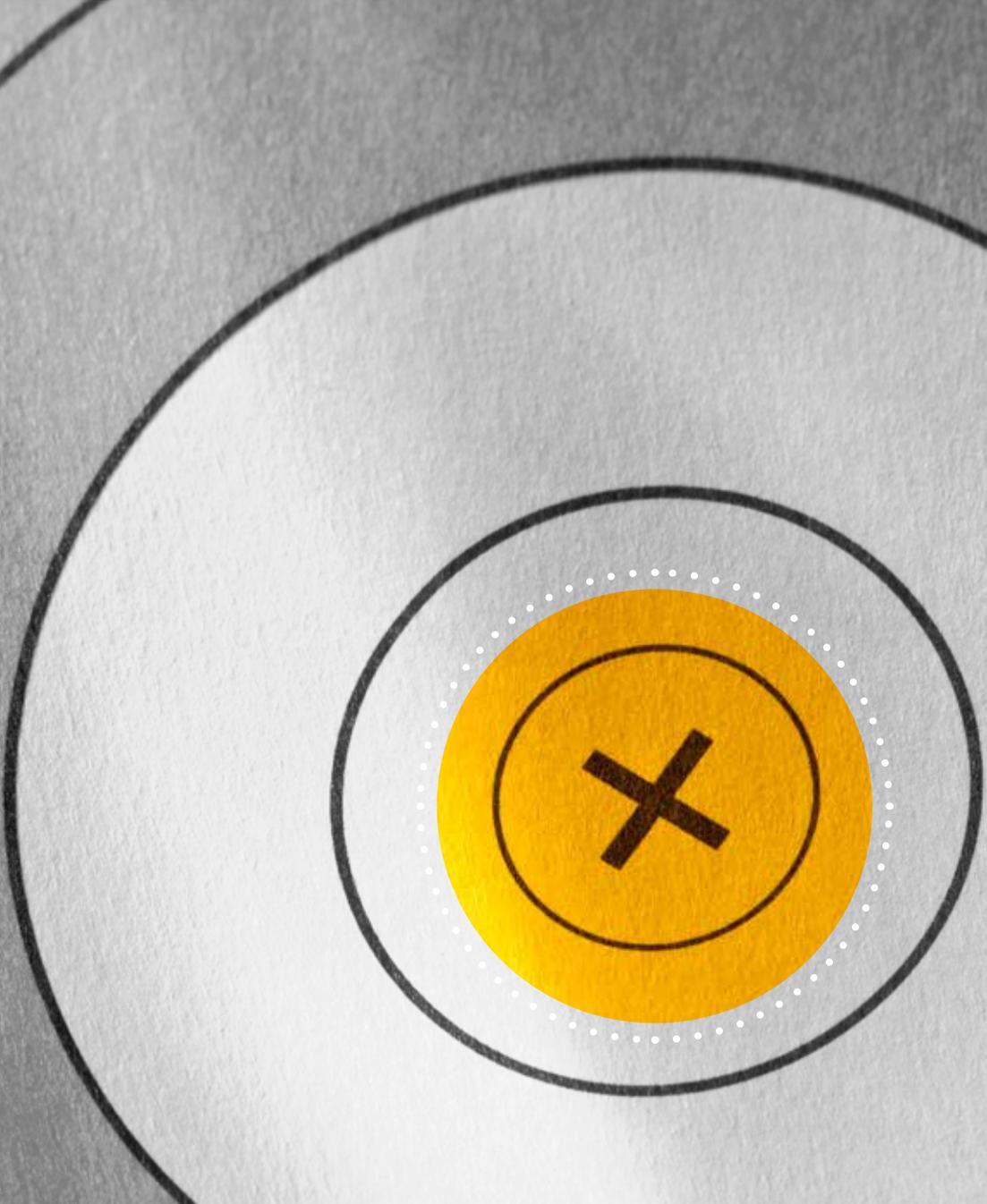
KIC CEOs taking questions
from the audience



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EIT AND KICS GOOD PRACTICES

Following the successful start-up phase of the KICs during 2010 and 2011, the EIT started to collect, analyse and leverage the conclusions drawn from its unique community-driven innovation model during the course of 2012. It compared and contrasted activities at all levels of the 'EIT value chain', i.e. KICs, their Co-location Centres and across the Knowledge Triangle (EIT) at European level. This allowed the Institute to establish commonalities, lessons learnt and best practices.

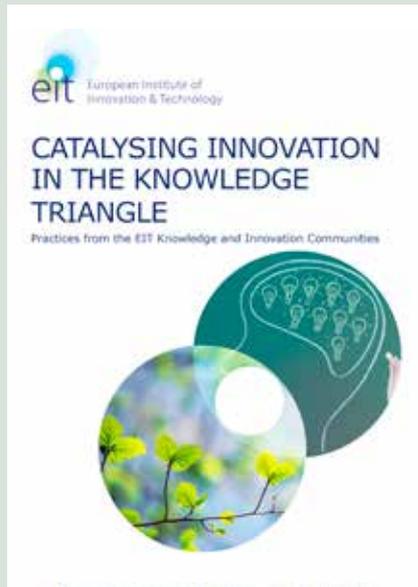
The EIT thus published study in September 2012. It is the first in a planned series that aims to create an inventory of practices emerging from the Knowledge and Innovation Communities (KICs) and making these available to audiences beyond the KICs. These publications will also serve in the future as an input to developing the EIT's future agenda on innovation practices and new approaches generated by the KICs, thus providing concrete evidence on the EIT's contribution to the European innovation landscape and strengthening its role as an Institute for Europe.

The first EIT publication entitled 'Catalysing Innovation in the Knowledge Triangle – Practices from the EIT Knowledge and Innovation Communities', contains an overview of the EIT, the three first KICs and their Co-location Centres (CLCs) and outlines the EIT's pioneering role to increase European sustainable growth and

competitiveness by reinforcing the innovation capacity of the EU within a dynamic and shifting global context. The publication is accessible on the [EIT website](#).

In addition, the EIT also ran the Master Thesis Pilot Scheme, which was a means for the EIT to support students in their research on topics within the remit of the EIT's activities. It was open for the academic year 2011/2012, and one proposal was selected from the applications received. Laura Sudintaitė and Kristina Černaitė, studying

MSc in Business and Economics, programme Managing People, Knowledge and Change at Lund University spent 3 months researching and publishing their thesis 'Does context matter? Study of knowledge sharing in the European Institute of Innovation and Technology'. For details of the scheme, please see on the [EIT website](#).





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ENGAGING WITH OUR COMMUNITY

As the EIT moved from its start-up phase in which it had to reach out to stakeholders to inform them of its existence and to generate support for its basic concept, its approach to stakeholder engagement shifted during 2012 to a second phase, in which the Institute must build upon the results and learnings emerging from EIT and KIC activities to benefit stakeholders throughout Europe. The EIT benefits from a diverse stakeholder community spread across the European innovation landscape with whom it wishes to maintain close contact. Many interesting forms of cooperation and synergies are possible and the EIT wishes to create further opportunities to capitalise on this.

In particular, strategic stakeholders' understanding of the EIT and the opportunities of working together with the Institute is very important in supporting the institutional process that will determine the EIT's positioning within Horizon2020. For this reason, targeted and convincing outreach to its stakeholder community that showcase the learnings from the KIC model, allowing successes to be visualised and understood and the model to be shared and possibly adapted, was a key priority for 2012. Accordingly, the event that was hosted under the auspices of the Danish Presidency of the EU (see Spotlight on the EIT Conference on Good Practices & Learnings), served to highlight precisely these first results and lessons learned so far at different levels.

As the KICs and the EIT are consolidating their operations and first conclusions are drawn in terms of practices and outputs, it is vital that

these results are disseminated and publicised in order to build upon and strengthen the awareness of the EIT and the KIC concept, thereby creating added value and benefits across Europe. In addition to the high level conference in Copenhagen, this was achieved on the basis of the various meetings and speaking engagements as well as EIT Awareness Days.

During the course of 2012, the EIT was represented at 35 international conferences, participated in one hearing at the European Parliament (European Parliament EPP group hearing on Horizon 2020: "The future of the research in the EU") and helped arrange so-called EIT Awareness Days. The EIT Awareness Days aim to help national stakeholders gain a better understanding of the EIT and the KICs and are hosted by organisations within specific Member States. During 2012, Awareness Days took place in Ireland (May 2012), in Germany (September 2012), in the United Kingdom (October 2012), in Austria (October 2012) and Hungary (December 2012).

Two high level visits to KIC co-location centres took place in 2012. In February 2012 Commissioner Vassiliou (responsible for Education, Culture, Youth, Multilingualism and the EIT) and Commissioner Geoghegan-Quinn (responsible for Research, Innovation and Science) visited both Climate-KIC's and EIT ICT Labs' Co-location Centres in Berlin and met with members of their local community, including KIC management, KIC partners, entrepreneurs and students. The second visit took place in Stockholm in May 2012 where Alexander von Gabain, Chairman of the EIT Governing Board, accompanied Commissioner Vassiliou and two Members of the European Parliament, Maria Da Graça Carvalho and Kent Johansson on their visit of KIC InnoEnergy and EIT ICT Labs' Co-location Centres.





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CONCLUDING REMARKS

In the world of innovation, many things can happen over the course of a year. Ideas can be born, companies can be set up (or equally disappear), careers can take new and different directions, daring solutions can be found, and bold decisions may even be taken in the direction of setting up new ventures. This was indeed the case for the EIT and its three 'innovation factories' (KICs – Knowledge and Innovation Communities): Climate-KIC, EIT ICT Labs and KIC InnoEnergy.

It is heartening for me to see the progress that our three innovation factories made during 2012, but also the team at the EIT headquarters in Budapest with its director, José Manuel Leceta at the helm, orchestrating the evolution of the KICs and the supportive function in this process of the EIT Governing Board and our colleagues at the European Commission, particularly in the Director General for Education and Culture (EAC). We all take great pride in the impact and results they have achieved this year, and I would like to congratulate the KICs' management teams led by Mary Ritter (Climate-KIC CEO), Willem Jonker (EIT ICT Labs CEO) and Diego Pavia (KIC InnoEnergy CEO).

It is crucial that the KICs create value and produce tangible results as they have proven in the short period of their existence. Each KIC of course creates value independently, but most of all together, as it is only through a joint effort that we



Chairman of the EIT Governing Board
Alexander von Gabain

can have a true impact and shake awake the 'Sleeping Beauty' – Europe's unlocked innovation potential. Examples such as the newly created Master programme of EIT ICT Labs, based on the collaboration of 19 leading European universities and businesses in the field; the start-up company Naked Energy fostered by Climate-KIC shining of the enthusiasm of its creators; the students of KIC InnoEnergy achieving second place, worldwide, at the HULT Global Challenge venture competition, are just a few of the many early successes the KICs achieved during 2012. Most of all, the KICs are uniting a growing number of partners and geographically spread innovation hotspots under one umbrella to embrace innovations in the thematic fields they each represent.

For a very concrete and visual area of development, we can take a look at the KICs' 17 Co-location Centres. During the course of the past year, I had the occasion to visit a number of these centres and have seen them thrive to become real innovation hotspots by bringing together highly motivated, dedicated and creative people. The development of

these centres into bustling centres where students and partners come together to discuss projects, innovative solutions and business ideas, and incubators nest start-ups to eventually integrate them into the local eco-systems. While all three KICs are united in their overall objectives, they have each found their own, most promising path to lead them there.

Speaking of entrepreneurs, 2012 saw the first edition of the EIT Entrepreneurship Awards. In its first instance, these EIT Awards highlighted and encouraged the best start-ups emerging from the KICs. Naked Energy, Trifense and Noem working in the field of climate change, ICT and sustainable energy respectively were selected as the first winners of the EIT Entrepreneurship Award. Encouraging entrepreneurship is a key element of the EIT's mission and so the first EIT Entrepreneurship Awards put the spotlight on promising ventures that have emerged from each of our three KICs. I was extremely impressed with the nine ventures that pitched for the EIT Awards and was delighted to see such dedicated entrepreneurs already emerging from our innovation factories (KICs).

2012 also brought some exciting developments in the field of entrepreneurial education. The first graduate students emerged from the KICs' education programmes with new

Master and PhD schemes set up in their partner universities throughout Europe. In parallel, work continued with the participation of experts, EIT Governing Board members, KIC representatives and of course EIT staff to define and approve the characteristics and specific learning outcomes of the EIT Labelled degrees. The 'EIT Label' stands for those education programmes that, next to scientific excellence, put a special emphasis on enabling their students to be effective entrepreneurs, introducing elements of inter-sectorial and international mobility in their programmes and creating conditions for the students' creativity to gain ground.

The upcoming year is crucial for the EIT: we have to consolidate our current three KICs as well as prepare for further KICs joining the family, so I am very pleased that our Governing Board is so dynamic and engaged! It has become apparent that the EIT has come a long way since its operative implementation in the autumn of 2008. The EIT approach to unifying the knowledge triangle under the umbrella of entrepreneurship will push the innovation agenda in Europe onwards and upwards. Towards this destination, the years ahead promise to become very exciting ones for the EIT and our KICs.

Alexander von Gabain

Chairman of the EIT Governing Board

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AN INITIATIVE
OF THE EUROPEAN UNION

Neumann Janos utca 1/E
1117 Budapest
Hungary

eit.europa.eu



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