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## Comments on the European Institute of Innovation and Technology (EIT)

The European Institute of Innovation and Technology (EIT) has long contributed to developing the so-called 'knowledge triangle', by upscaling and implementing innovative projects. The achievements of the EIT are multiple and acknowledged by the EU business community. That being said, the adoption of the next Strategic Innovation agenda for the 2021 – 2027 period, as well as of the Amending Regulation of the EIT are decisive to ensure that the EIT further supports the EU innovation ecosystem for the next decade.

To achieve this objective, the business community suggests that the EIT should address all companies (regardless of their size and maturity), become more attractive and its KICs more known, develop and promote an EU entrepreneurial culture, aim at further simplification, build synergies with the European Innovation Council (EIC) and leverage projects within the Horizon Europe programme.

### EIT'S KEY ACHIEVEMENTS

BusinessEurope acknowledges and welcomes the role of the EIT in fostering EU competitiveness via its support to the innovation ecosystem.

The EIT has contributed to fostering the relationships between the parties in the so-called 'knowledge triangle', i.e. business, research centres, universities. This has been key to upscale and implement innovative projects. For example, the first three innovation communities (i.e. Climate-KIC, EIT Digital and KIC InnoEnergy) have grown into thriving European innovation hubs incubating more than 1,200 business ideas, and developing 640 new products and services.

The EIT further provides stakeholders with a good network, thus offering the possibility to enhance collaboration between the implicated parties. By working in a Knowledge and Innovation Community (KIC), EU companies find new contacts, upscale their ideas into higher TRLs developing their business and expanding their operations.

In light of these key achievements, the adoption of the next Strategic Innovation Agenda for the 2021 – 2027 period and the amendment of the EIT Regulation are decisive to ensure that the EIT still improves the EU ecosystem.

### NO MATTER THE SIZE

The EIT has been key in creating and upscaling start-ups. BusinessEurope acknowledges the results achieved by the EIT: up until today, the EIT has supported more than 1250 innovative start-ups, which are key to foster an innovative ecosystem and develop breakthrough innovations. Thus, we believe that start-ups shall be supported both in the EIT and in the Horizon Europe programme in a systemic manner.



At the same time, we believe that the EIT should not focus on start-ups only, but also involve medium and large companies in the KICs to further foster the innovation ecosystem. This would ultimately reduce the current EU innovation deficit. Medium and large companies are at the forefront in developing innovative solutions, and follow another rationale than start-ups. Thus, we consider that the EIT should specifically address the needs and assets of small, medium and large companies.

Furthermore, by addressing all types of companies, the EIT could further enhance the good network experience for all involved parties. Start-ups can find new customers in large companies and can learn from them through direct hand-on experiences in projects. On the other hand, large companies can detect new suppliers in start-ups.

Since research and innovation need an entire innovation-promoting ecosystem as well as active interaction between all involved players, it is necessary to involve all companies – regardless of their size and maturity. Large companies enable positive spill-over effects on SMEs, start-ups, scale-ups and spin-offs and thus, helps to achieve the EIT's strategic goals. Thus, strategic partnerships between relevant players – which comprise companies of any size – of the whole innovation system is key as it fosters the entire value chain. This is necessary to increase European competitiveness.

### **AN EVEN MORE ATTRACTIVE EIT**

The support deployed by the EIT should also address both smaller and larger companies to become more attractive, but its nature and entity may vary according to the kind of company to be involved.

The EIT financial support may be balanced according to the size, age, type and maturity of the industry. Smaller companies may be frightened by the regulatory burden (e.g. the membership fee), and therefore should be supported financially.

At the same time, whilst larger companies may be less concerned by the fees, the EIT should take further efforts to address their needs. The way the topics or problems are tackled may affect their unattractiveness for bigger industry players. Thus, to support and further involve both medium and large companies, we would recommend to avoid tackling small problems via small projects, and instead develop important and large-scale projects, which shall be equipped with adequate resources.

Also, we consider that the EIT has been key in providing a network framework to companies. However, further efforts need to be made in this area as well. We consider that the EIT and its KICs should make itself more visible to then receive multiple inputs and ideas. To achieve this, it is important that the EIT becomes more known by the stakeholders. As a matter of fact, we understand that many companies are not aware of the potentials of the KICs and of the possibilities for cooperation. These therefore remain unexploited and untapped. We believe that the EIT should communicate and 'advertise' its activities and its KICs more so to attract more companies, improve the network experience for the involved parties and ultimately make the EIT a more important player in the area of "Open innovation". For instance, the KICs may involve citizens, as well as governments and policy makers.

Furthermore, we also notice that certain KICs (e.g. Food) have only one call deadline per year, which make their work dynamics rather slow. On the other side, industry, which



follows fast processes and has to comply with strict timelines, finds this 'slow' way of proceeding rather unattractive. We propose that the KICs accelerate their internal procedures to ultimately attract more companies.

To be more attractive, the EIT KICs should play a role in the internationalisation of companies, by linking well-developed industry with creative people at EU level. Whilst the EIT may also deploy further efforts at regional level, we notice that local networks function well with or without the EIT. Thus, the added value of connecting the EIT to the regional/national authorities may be triggered by the focus of the EIT to upscale companies' solutions at EU and international levels.

Companies will find EIT KICs attractive, if these deliver outstanding results, which may be reached only if the ambition target is high. Thus, instead of having short term focus, we believe that a long-time perspective shall be followed by the KICs. This would couple the efforts already made by the companies involved in R&I projects – which are notably more short-term – and ensure an effective impact and added value of EIT/KICs. Based on that, the requirement for financial self-sufficiency of KICs after 7 years might be challenging and prevent them to reach further ambitious objectives. Thus, a common approach and guidance towards achieving the EIT KICs' "sustainability" would be welcomed.

## **ENTREPRENEURIAL CULTURE**

Entrepreneurship is a mindset and not something that you can really learn from books. Being an entrepreneur involves competences such as creativity, creative thinking, problem solving, individual initiative, self-motivation, and a positive attitude towards sustainable risk-taking. And this is what the EIT should further aim at. At this stage, the KICs have offered the possibility to secure and develop new talents via training and education programmes. More than 1700 graduates have completed EIT degree programmes. However, we think that their potentials are not fully exploited yet.

The business community considers further efforts are to be made to involve industry in education and training systems. This would be relevant for both the students and professionals. On the one hand, this approach would stimulate new students to get more interested in innovation, enhance their interdisciplinary thinking and possibly start their own companies. With this, the EU 'entrepreneurial culture' can be fostered and EU's competitiveness developed in a long-term perspective. On the other hand, this would increase the available candidates for RDI in particular in STEM disciplines (where we currently face a labour shortage), facilitate market adoption of innovative solutions, and thus support the innovation ecosystem.

Another way to deepen the cooperation between business and education and training would be by complementing the 'talent growing' in the KICs with 'talent scouting' in the EU companies. In our view, this approach would be key to foster the EU business landscape.

To conclude, we suggest that the KICs should further extend their scope in education and training systems, including in academic and vocational institutions, as well as secondary and high schools.



## **SIMPLIFICATION**

The new Amending Regulation for the EIT and the future Strategic Innovation Agenda should be aimed at further simplification of the functioning of both the EIT and its KICs.

KIC business plans are currently adopted annually. As this process is particularly burdensome, we would suggest having annual reports and adopting multi-annual KIC business plans (i.e. every three years).

To be more operable, we suggest that all the KICs follow the same rules. This would simplify the participation of those partners that are involved in different KICs, and further attract partners. This process of 'simplification' should be operated by the EIT itself.

Ultimately, KICs should be more flexible when integrating new partners into a consortium. This would raise the level of competitiveness within the KICs, ensure that more inputs circulate and therefore more innovative solutions would be developed.

## **WHAT'S NEXT?**

The upcoming seven years will be decisive for tackling the innovation deficit and put the EU at the forefront of the global innovation race. In June, the European Commission presented its proposal for the 9th Framework Programme for Research and Innovation (FP), the so-called "Horizon Europe" programme. This proposed that the EIT would be granted a budget of €3 billion. Whilst this constitutes an increase of the current financial envelope, the business community thinks that this is still a too small amount to upscale the EIT and its KICs activities. Thus, we call upon the co-legislators to further raise the resources allocated to this institution.

One of the new features introduced by the Horizon Europe proposal has been the European Innovation Council (EIC). BusinessEurope has generally welcomed this new structure, which focuses on bringing products to the market and plans to fund fast growing entrepreneurs and start-ups. As the EIT and EIC have similar objectives and are part of the same "Open Innovation" Pillar, it would be important that the two institutions would work in a collaborative and synergetic way to deliver upon overall EU innovation objectives. We understand that some questions on the interrelation between the two institutions remain open. Thus, we invite the European Commission to avoid overlaps between the EIT and the EIC, and seize the opportunity of this exercise to make the two institutions cooperative.

The EIT should be set up in a manner to build synergies with the EIC and to leverage products within the entire Horizon Europe programme. To reach these objectives, we suggest that much stronger coordination between DG EAC and DG RTD is developed. As this latter is responsible for the implementation of FPs and the EIC, the two DGs should work together in implementing the EIT. Also, as the Horizon Europe programme is particularly focused on innovation, we think that a stronger coordination would be generally beneficial for the implementation of EU research and innovation policies, and ultimately the development of an effective EU innovative ecosystem.

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