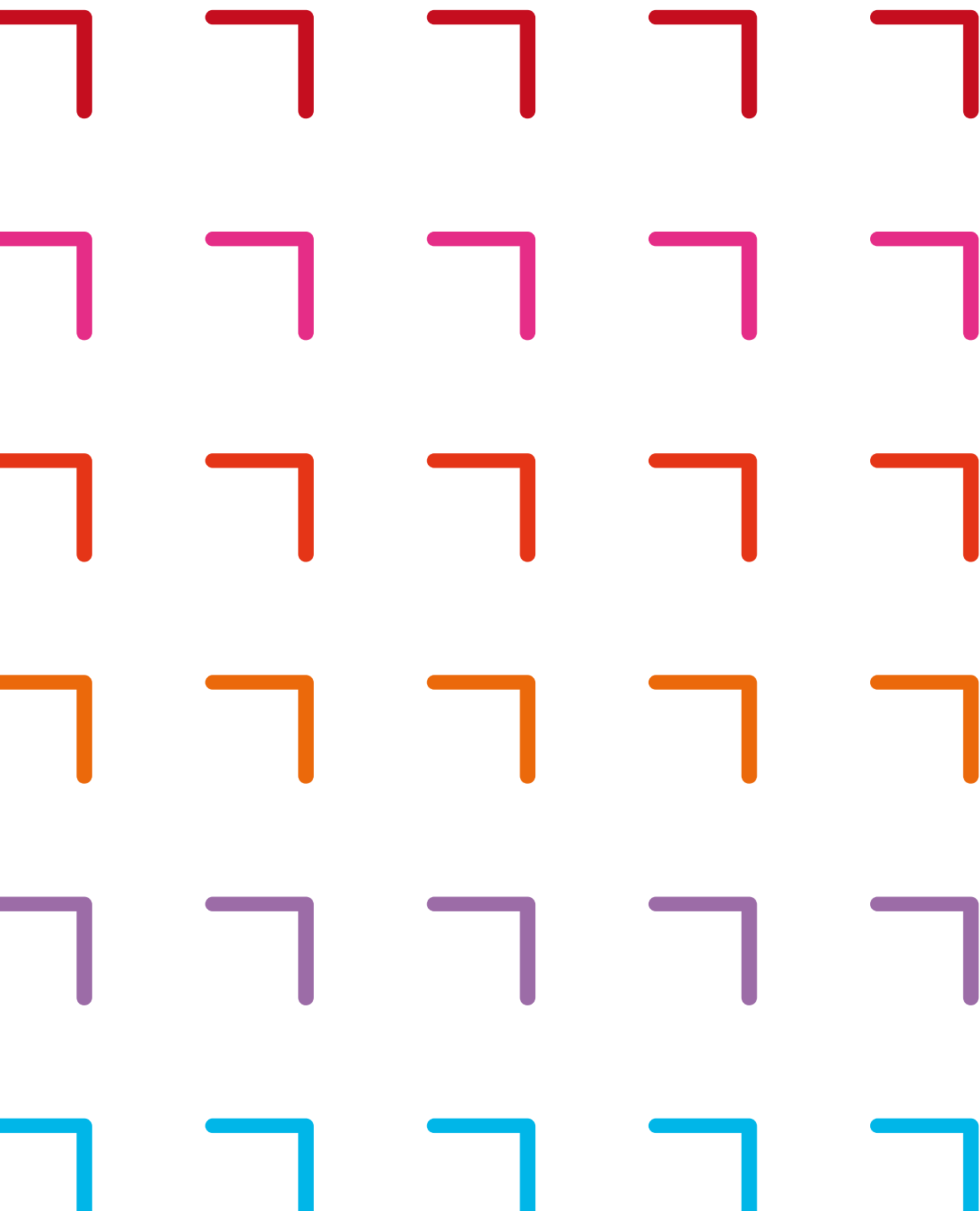


# ADVIES 216

## VRWI POSITION PAPER ON THE PROPOSAL FOR AN EIC 28 APRIL 2016



## INHOUD

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Europe has sufficient capacity to develop new and innovative products and services, but lacks capacity to convert these innovations into growth, money and jobs. Large-scale market introductions based on European research and innovation too frequently happen in other parts of the world (e.g. mp3-player). The VRWI believes that a European Innovation Council can play an important role to achieve sustainable economic growth through innovation.

## 1. THE CHALLENGE FOR EUROPE IS BRIDGING THE VALLEY-OF-DEATH

According to the VRWI Europe lacks the following components to bridge the Valley-of-Death:

- Up to present day EU Member States are less willing to collaborate in innovation than to collaborate in R&D. Europe therefore needs efficient and effective mechanisms to support innovations that include large-scale market introductions, across national and regional borders. There is still a gap in lifting innovative ideas and findings from European projects (e.g. ERC, MSCA, FET, LEIT, ...) across the 'Valley-of-Death'.
- Additionally, disruptive innovations not only arise from research in knowledge centers but also in the market by the companies themselves. Entrepreneurship is very important here. The entrepreneurial culture in Europe is improving, but could still be more stimulated, for instance through coaching, mentoring, encouraging student and researcher entrepreneurship, attracting entrepreneurs who have already proven to be successful. On this last point, Europe should make further progress of visas for foreign entrepreneurs to launch startups in Europe and to create large-scale market introductions across national borders.
- The European single market/economic space is still far below the level of that of the United States. European borders are too frequently preventing the scaling-up of market innovations. Cross-border (funding) is essential and an opportunity to bridge the Valley of Death. Existing European competence centers and research infrastructures would be used more efficiently and faster in order to accelerate collaborative innovation.
- There is a need for large, potent, non-fragmented Venture Capital (VC), including Corporate Venture Capital to enable the scaling-up of startups. At this moment, only the trajectory is supported from concept to the feasibility of a prototype or even a product, but

not the necessary further scaling-up. The focus should be on pan-European investors for collaborative market introduction projects.

- There is still too little intersectoral (between knowledge institutions and industry) mobility in Europe. Intersectoral mobility should be more encouraged and facilitated, for instance by internships of doctoral students and PhDs in industry. Furthermore, university colleges can also play an important role here, as they aim to bridge between the world of education and world of work.
- More attention towards disruptive innovation is necessary, but also incremental innovations remain vital. European programs for disruptive innovation should not work at the expense of the current grant programs which focus more on incremental innovation.
- The social acceptance of innovation should be increased, as well as the perception of the benefits of innovation to the European society as a whole.
- The coordination between the various policy areas having an impact on innovation needs to be improved. Additionally, inconsistencies in existing legislation have to be removed, as well as the regulations that block innovation. This creates a stable long-term policy fostering investments both by industry and VCs improving the technological leadership of the EU.

## **2. WHAT IS THE POSSIBLE ROLE OF AN EIC, WHAT MODELS COULD BE ADOPTED BY AN EIC?**

The objectives and strategy of an EIC should be formulated clearly from a pan-European perspective resolving national and regional boundaries. The EIC needs a clear focus and should contribute to a simplified European funding landscape, to avoid overlap and pursue complementarity with other instruments.

The VRWI endorses three possible roles for an EIC: (2.1.) an advisory body, (2.2.) a catalyst/lever and (2.3.) a coordinator.

### **2.1. EIC as an advisory body on innovation policy**

The VRWI sees a role for the EIC as an authoritative, high level advisory body with significant expressiveness and impact. An EIC should advise and support the EU institutions in better articulating and balancing the desired outcomes of European innovation policy across the various and multiple actors and sectors involved. EU policy makers indeed need qualitative advice from both entrepreneurs, innovation and VC experts. Such an advisory body should be facilitating, advising for instance on the removal of borders and other barriers to large-scale market introductions, including tax harmonization, standardization, improving regulation for innovation, international best practices etc.

### **2.2. EIC as a catalyst and lever to remedy structural innovation and infrastructure gaps**

There is a need for an orchestrating role that addresses the funding gap, by mobilizing a diversity of schemes and instruments (e.g. risk capital, smart money, private equity, alternative financing schemes etc.). Hence, the Council should explicitly address those investment needs, identify the present funding gaps and advocate the need for competitive funding with hard endpoints, stipulating the necessary matching funding from industry, having a challenging competition to ensure focus on the best, and act as a major catalyst for relevant actors to mobilize the necessary investment schemes. This would help to solve the problem of large-scale finance in Europe for risky ventures and play a strategic role to mobilize private investment. Pan-European Fund of Fund initiatives are particularly welcome in this respect.

The EIC acts as a lever to support the setting up of pilot and demonstration infrastructures, crucial for a lot of innovation to bridge the valley of death. Stringent conditions should be applied and existing European instruments with the same objective should be integrated in this EIC model.

Finally, creation of the EIC should have a minimal impact on the funding levels of lower TRL programs.

### **2.3. EIC as a coordinator of innovation policy across EU institutions**

Innovation policies and instruments need to be agile, focused and efficient, geared towards both improvement (structural upgrading) and disruption (structural change). The coordination between the various policy areas having an impact on innovation needs to be improved.

Positioned as a boundary-spanning, coordinating Council in between the major European institutions that foster innovation, an EIC will coordinate policy needs and foster policy learning. It will do so by critically examining existing processes and instruments and the regulatory burdens that are too often experienced throughout the European innovation landscape and policy scene, and by proposing solutions to reduce those bottlenecks in order to gain effectiveness. The mission of an EIC should be to have a decisive impact on the adoption of the solutions it proposes to the EU institutions to strengthen Europe's capacity for structural change and disruptive innovation whilst not losing sight of the continuous need for structural upgrading.

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