



European Innovation Council

Suggestions by the European Consortium of Innovative Universities

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The European Consortium of Innovative Universities (ECIU) welcomes the consultation initiated by Commissioner Moedas on the feasibility of a European Innovation Council. The ECIU supports the idea of such a council, namely if its activities aim particularly at stimulating market-creating innovations: roles should include management of federated bottom-up innovation instruments and advice to policy makers. The European Innovation Council could be piloted during the remaining period of the current Multiannual Financial Framework, ensuring that no significant changes are made to the current financial allocations to the Horizon 2020 programme. This document outlines some of ECIU's suggestions on the role and implementation of a European Innovation Council (EIC).

It is commonly accepted that Europe has a strong knowledge position in the global arena, while lagging behind in the creation of (economic) value from this position. This European paradox has been the subject of many European-wide discussions and has been at the basis of initiatives such as the European Institute for Innovation & Technology, the Science Advice Mechanism, Knowledge Alliances. While it is widely acknowledged that the paradox cannot be addressed by a single initiative, and progress will be slow, the ECIU strongly believes that a EIC can add value to the current palette of initiatives. It is unrealistic however, to expect significant and fast improvements without a complete reconsideration of all innovation-related (policy) advisory organs (covering all DGs) and their mandates.

The existence of a European paradox is particularly true for disruptive innovations that require swift market approach to develop initial volume and broad (public) attention. The current European regulatory domain has been designed to address potential risks (legal, ethical, etc) at an early stage: this situation hampers market-creating innovations, which will need reconsideration of the regulatory frameworks. For those disruptive innovations that successfully pass this hurdle, the lack of a true single market in many domains is the next barrier that causes many innovators and investors to take their activities elsewhere. Even though the Member States and European Union have made noticeable attempts to address these issues with funding programmes, the current funding landscape is not fit-for-purpose for market-creating innovations: white spots between instruments still exist, time-to-grant is often still too long and it is too hard for (often small) startups and micro-SMEs to find the appropriate instruments.

Stimulating market-creating innovation in Europe

The main obstacle for innovations, particularly market-creating innovations, is that they need an environment that allows for creativity. The multi-cultural diversity of the European Union has led to legislative and ethical limitations, sacrificing creativity. The ECIU believes that we must turn around this development (for our innovation environments) and use Europe's diversity to fuel true creativity by mobility: swift and easy flow of ideas, talent and money to those places where the fastest and best interaction with 'to-be-unleashed' latent markets can be found. This can be best achieved by promoting and supporting networks of innovation hotspots (like ECIU-universities/regions) and arenas where early stage developments can be tested and fine-tuned to market-creating innovations. Creating such a lively European Innovation Space for both researchers and students will contribute to improving the entrepreneurial culture in Europe and address the "fear of failure". Ultimately, this vision requires a strengthening of the European Research Area and its close relationship with the EIC. In return, the EIC can contribute to the European Research Area, for example by establishing more prestige for truly entrepreneurial researchers. Similarly, relationships must be fostered with EIT (thematic, incremental innovation) and ERC (fundamental knowledge as input for innovations).

The EIC as a funding agency

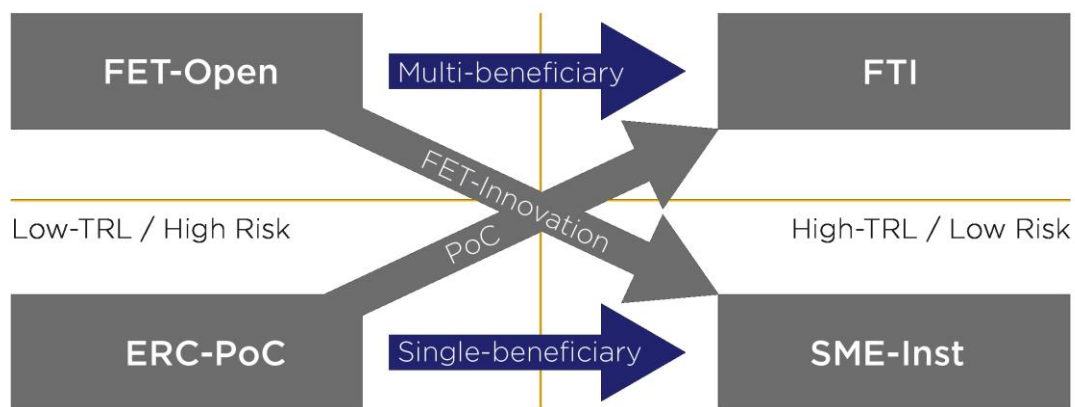
The ECIU is in favor of the EIC as an authority of a federation of bottom-up instruments. The instruments that are currently active under Horizon 2020 that could be placed under EIC responsibility include FET-Open, Fast Track to Innovation (FTI) and the SME-instrument. One of the first major challenges for the EIC should be to normalize the current FET-Open instrument: increasing funding and optimizing the instrument to make it more attractive while keeping the low TRL focus of the instrument to ensure continuous feed of breakthrough ideas towards radically new future technologies. Small changes may also need to be made to other instruments in order to make them more accommodating for market-creating innovations. Generally speaking, a more Venture Capital (VC)-like approach should be taken. Measures to support this approach could include:

- Open evaluation structure with expert evaluators assigned based on keywords provided by the applicants;
- Interviews as an integral part of the evaluation process: the entrepreneurial attitude of the applicants to be considered as important as their track-record;
- Short time-to grant to be achieved by working with several deadlines per calendar year;
- Mentoring of projects by independent experts such as the EIT-business developers and international Venture Capitalists: e.g. 6-monthly meetings where the project can be readjusted;
- Outcome-based projects instead of output-based: particularly for high-risk projects, the output cannot be predicted;
- Develop a stronger Impact Evaluation Framework for Innovation, which looks beyond the funding life cycle of a project.

The funding landscape with FET-Open, FTI and the SME-instrument covers an important part of the innovation space of the EIC, but there are some significant funding gaps. FET-Open and FTI serve *consortia*, with FET-Open in the high-risk/low-TRL side of the spectrum. An extension of the FET-Innovation instrument may be considered in order to fill the gap between FET-Open and FTI. The SME-instrument serves *single beneficiaries* at high-TRL/low risk, but is not accompanied by a low-TRL/high risk equivalent. The ERC Proof-of-concept can be considered an example of such an instrument; installing such a single

beneficiary instrument, without a coupling to existing ERC-grants could fill this gap. Care must be taken that innovations can proceed seamlessly from one instrument to another.

These ambitions will require a significant increase in funding in the next Multiannual Financial Framework. It will be important to mobilize several of the Union’s programmes (including EIB, agricultural- and regional funds) to align to the EIC objectives. The pilot years of the EIC under the current MFF should be used to achieve this alignment.



The EIC as a policy advisor

The European regulatory space has caused an over-regulation that could seriously hamper fostering of disruptive innovations. EIC has great potential to be the most important advocate to put de-regulation for innovations on the European agenda, and to be an important platform to implement the *innovation deal* for new regulations.

In terms of organization structure, the EIC could follow the ERC model, operating via a “Innovation Council” and Executive Agency. The EIC should link to existing advisory structures, such as the ERC Scientific Council and SAM; members of these advisory groups could be part of the Innovation Council, which should also include entrepreneurs (potentially also from third countries) and venture capitalist(s). The EIC would also benefit from the lessons learnt in the European Institute of Technology (EIT) activities and philosophy. The EIC should closely communicate with EIT in order to avoid duplication or gaps of efforts and initiatives.

This paper expresses the views of the ECIU, in consultation with its member universities. It does not necessarily express the view of individual member universities.



CHALLENGING ENTREPRENEURIAL INNOVATIVE

ECIU, founded in 1997, is the leading international consortium of research intensive universities, with collective emphasis on innovation, creativity and societal impact, driving the development of a knowledge-based economy. The member institutions are based in regions where major industries have declined and have consequently made a significant contribution to the regeneration of their regions. This shared characteristic brings the universities together in two focus areas, in which the consortium has a strong track record: 1. Innovation in Teaching and Learning and 2. Entrepreneurship and the Societal Impact of Research.

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- Linköpings Universitet, Sweden
- Lodz University of Technology, Poland
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