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Innovation Factory 2022

Join us in boosting entrepreneurship for a strong
digital Europe



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1 Introduction

Throughout 2022, EIT Digital Innovation Factory is looking for world-class digital DeepTech Activities led by teams with powerful entrepreneurial drive, to support the next generation of digital companies that can impact Europe and the world's challenges.

To this end, the EIT Digital Innovation Factory work programme, **Innovation Factory 2022**, launches **January 18, 2022**, and accepts Activity proposals throughout 2022. The work programme is guided by EIT Digital Strategic Innovation Agenda 2022-2024 (SIA), which identifies the five focus areas of our strategy: **Digital Tech, Digital Industry, Digital Cities, Digital Wellbeing and Digital Finance**. An overview is available on page 13 of the SIA. We expect to receive entrepreneurial Activity proposals aligned with these areas.

Innovation Factory 2022 is aimed at entrepreneurial minds planning to launch or boost a DeepTech venture.

2 Innovation Factory 2022

The Innovation Factory 2022 programme supports pan-European entrepreneurial teams from education, research, and business organisations, **to launch or boost digital DeepTech ventures**. With our support, you will be embedded in our European ecosystem and receive resources, including financial EIT support, to build your venture, package your technology, sign up customers and attract additional investors. Proposals need to demonstrate how the EIT Digital ecosystem is supporting the growth of the venture. The EIT Digital Innovation Factory 2022 has the ambition to build a strong portfolio of **venture creation** and **early boost Activities** (max 30% of the portfolio).

Applicants can submit their Activity proposals at any moment in time throughout 2022, with **3 pre-defined cut-off dates** (March 1, June 1 and November 15, 2022) for evaluation. The Innovation Activities have a duration of six months (April-September 2022, July-December 2022, or January-June 2023).

Excellence and impact on the market, while contributing to EIT Digital financial sustainability, are the main drivers of the programme.

When it comes to **excellence & impact**, the key elements of a strong Innovation Activity proposal are:

- **Problem/Solution:** A specific solution for a relevant business pain, aligned with our focus areas, able to create or disrupt markets.
- **Launching Customer:** The presence of a launching customer engaged, from inception, in the Activity.
- **Venture team:** The new venture team needs to be clearly identified in the proposal. The quality of the team and its effective commitment to the new venture are key requirements to prove the capacity of the venture to grow and scale-up in the future.
- **Private financial investment:** To assist in the success of the young venture, private financial investment into the venture from the get-go is crucial to manage well assessed and realistic financial needs.

When it comes to contributing to the financial sustainability of EIT Digital, the model is an **unconditional granting of equity, in consideration for the EIT Digital support.**

For more details on the Innovation Factory 2022 process, please refer to the Annex A.

3 How to participate

EIT Digital is a partnership-based organization. Proposers are expected to be or become Partner of EIT Digital. Organisations that are not yet a Partner are expected to submit their application for partnership, at the latest, at the submission of the proposal.

A recommendation to Partners, especially to new Partners, is to be in contact with EIT Digital before the submission date to ensure a clear understanding of the requirements.

More information including details on how to submit your Activity is available at www.eitdigital.eu/InnovationFactory2022.

4 Annexes

Annex A. Innovation Factory 2022: programme details

Venture creation or early-stage venture boost Activity proposals need to be submitted to a specific EIT Digital focus area by a team of 2 to 4 complementary organisations, from at least 2 different European countries.

Eligible venture teams can apply to the Innovation Factory before or after the creation of their venture. For early boost activities, we are looking for young ventures, with less than two years since company incorporation at the time of the cut-off date, with high potential and clearly demonstrating how the EIT Digital ecosystem can accelerate the growth of their business.

Applicants have the flexibility to submit their Activity proposals at any moment in time throughout 2022, with **3 pre-defined cut-off dates** (March 1, June 1 and November 15, 2022) for evaluation.

The key elements of a strong, impactful Innovation Activity proposal are on the one hand, excellence & impact, and on the other hand, contribution to the EIT Digital sustainability.

When it comes to **excellence & impact**, the following are the key elements:

1. Problem / Solution

- Clear description of the business pain/opportunity, aligned with our focus areas, the solution proposed with a capacity to create or disrupt markets; the technology leveraged for the solution and the work plan to achieve the objectives.
- Assets and Freedom to Operate for the venture: Evidence that Activity Partners are providing valuable assets such as IP and technology, enabling its freedom to operate. Typically, Partners provide IP assets to the venture, in exchange for equity in the venture.
- It is mandatory to list each Partner's contribution to the Activity.
- Elevator pitch video (max. 90 seconds), presented by a member of the venture team, typically the CEO.

2. Launching Customer/Pilot: The presence of a launching customer or paid pilot explicitly engaged in the Activity proposal. The customer may provide product specification, market validation as well as to be the first paying customer of the venture. The work plan should focus on getting market traction for the venture, evidenced through invoices or other sales evidence.

3. **Venture team:** The new venture team needs to be clearly identified in the proposal. The quality of the team and its effective commitment to the new venture are key requirements to prove the capacity of the venture to grow and scale-up in the future. Team members need to present their roles in the venture, their short CVs, and evidence of their commitment to immediately transfer to the venture upon its creation.

4. **Private financial investment:** To assist in the success of the young venture, private financial investment is crucial to manage well assessed and realistic financial needs. There are a few ways in which private financial investments can be carried out: (i) by the Activity Partners (ii) by external private investors, such as angel investors, VCs, or Corporates, (iii) by the Founders, with its own financial resources. The amount of private financial investment should at least match the amount of EIT financial contribution to the venture.

When it comes to **EIT Digital financial sustainability**, Activities are requested to contribute to the financial sustainability of EIT Digital. EIT Digital requests an unconditional granting of equity in the venture, in consideration for the EIT Digital support. The model is 10% in equity for EIT Digital.

In the case of venture creation Innovation Activities, upon company incorporation (a limited liability type), the founders will sign a Share Transfer Agreement with EIT Digital, reflecting the defined equity transfer.

In addition, it is recommended that a substantial amount of equity in the venture is allocated to the management team of the new company.

EIT financial support and co-funding for each cut-off will be dependent on budget availability and EIT requirements. EIT financial support amounts and co-funding contribution from the Partners at the proposal level will be detailed in the cut-off specific document.

The following are the guidelines to Activity proposals:

- As a guideline, 50% of the EIT amount should be allocated to the venture. Note that for venture creation Activities, the new venture must be created early in the Activity and become a Partner to be eligible for the EIT financial support.

Alternatively, the new venture can be sub-granted by another Partner in the Activity.

- As a guideline, the Activity co-funding needs to be supported by the rest of the Partners, instead of the venture.
- Regarding the EIT Digital pre-financing (the first amount paid out during the Activity execution), it is expected that the Partners waive their pre-financing to the benefit of the venture. Deviations from this guideline need to be explained in the proposal.
- As a guideline, private financial investment must be present in the proposal and should at least match the EIT amount in the venture.

In addition to the above guidelines, EIT Digital will support the Activities awareness promoting them in their media channels and social networks. It is important for the selected Activities to collaborate with EIT Digital in the communication with the defined co-branding rules.

The detailed process including requirements, criteria and evaluation methodology for Innovation Activity proposals is presented in Annex B and Annex C. Formal requirements on KPIs, financial aspects and partnership are presented in Annex D.

Annex B. Process overview

B.1. Proposal submission

All Innovation Activity proposals need to be filled and submitted via the EIT Digital submission system that can be reached via the [EIT Digital intranet page](#). It is the responsibility of each Activity/Task Leader to obtain full commitment and consent, from all Partner organisations participating in the Activity/Task, prior to submission. Activity proposals need to be formally submitted, via the submit button in the EIT Digital submission system, prior to the cut-off dates.

Applicants can submit their Activity proposals at any moment in time throughout 2022, with 3 pre-defined cut off dates for evaluation:

Cut-off 1:	March 1, 2022, 5pm CEST (Brussels time)
Cut-off 2:	June 1, 2022, 5pm CEST (Brussels time)
Cut-off 3:	November 15, 2022, 5pm CEST (Brussels time)
These are hard deadlines, and no extensions will be granted.	

B.2. Review process

B.2.1. Gated evaluation

There are three gated evaluations, for each Activity proposal, to reach a final decision. Each Gate decision supersedes the previous one.

1. First Gate - Experts Review: Submitted proposals are assessed by independent external experts. Each expert individually evaluates each proposal following the evaluation criteria described in Annex C and provides comments to the Activity proposal supporting their assessment and feedback to the applicants, plus, recommendations to the Review Gate.
2. Second Gate - Review Gate: Experts come together and discuss each proposal based on their own individual assessments, following the requirements and guidelines of this document. The outcome is a consensus evaluation for each Activity proposal that integrates and supersedes individual assessments as well as recommendations to MC Gate.
3. Third Gate – MC Gate: The Management Committee of EIT Digital analyses the Review Gate outcomes and recommendations to build a strong strategic portfolio for the EIT Digital Business Plan. The outcome is the final go/no-go decision for each proposal, as well as changes requests to the proposal, such as budget changes or changes in the Activity descriptions.



B.2.2. Feedback and following steps:

4. Applicants will find the feedback to their proposals, as “go/no-go”, including any changes requests, in the feedback tab of the submission system approximately 4 weeks after the cut-off date. Note that for proposals involving organisations that are applying for EIT Digital partnership, proposal acceptance is dependent on EIT Digital Supervisory Board’s approval of the partnership application.
5. Applicants with “go” feedback may receive requests for changes to the Activity proposal and must implement those, as presented on the feedback tab of the submission system. These may include adjustment to the content of the Activity (outputs, KPIs, descriptions, etc.) as well as budget changes. Once changes are

made, the reviewed proposal needs to be resubmitted in the EIT Digital submission system. If the required budget changes are not implemented within 1 week from the communication of the results, then the financials will be automatically and linearly adjusted for all Activity Partners, to meet the requested target values.

6. Proposals with “go” feedback are expected to start immediately after the results of the selection process are published. More specifically, Activities are expected to start on April 1, 2022, July 1, 2022, or January 1, 2023, depending on the cut-off date.
7. EIT Digital includes the selected Activities in the EIT Digital Business Plan and sends it for internal approval to its governance bodies and the EIT. Once EIT Digital receives feedback from the EIT on the Business Plan, the Innovation Activity Leader may be required to implement additional necessary changes to the Activity proposal, on the request from the EIT.

B.3. Appeal procedure

EIT Digital will, in good faith, address any potential disputes on the outcome of the selection process described in this document, in a timely manner. An appeal should be issued, by the proposers, to the attention of the relevant Node Director, by factually underpinning the alleged incorrections in the evaluation and feedback provided by EIT Digital.

To respect the tight timeline between cut-off dates and start of the Innovation Activities, the following will apply:

1. Publication of the results: approximately 4 weeks after the cut-off date.
2. Proposers should bring the appeal to the attention of the relevant Node Director within 5 business days from the publication of the results.
3. The Node Director examines the appeal and, if the grounds for the appeal are found with merit, then the appeal will be sent for a second review by the Management Committee. The EIT Digital Management Committee will review the appeal and make a final decision.

Annex C. External experts' evaluation criteria

Innovation Activity proposals, in line with the submission requirements, will be reviewed according to excellence and impact, and financial sustainability of EIT Digital following the gated evaluation process previously described.

The assessment by independent individual external experts will be based on the questions reported in the table below. Reviewers are asked to score each proposal and provide comments for each question, as well as an assessment for the whole proposal.

Questions for Innovation Activity external experts (first gate)

Dimension	Question		Criteria
Activity/Solution	Question 1	Does the Activity build an innovative solution for an important problem, with a clear economic and/or societal impact for Europe?	Excellence
	Question 2	Is the proposed technology mature enough to address the identified business pain? Is timing right for the innovation in terms of market, user, societal or technological trends and developments?	
	Question 3	How strong is the work plan (milestones, deliverables, way of working)? Are there clear and ambitious intermediate milestones?	
	Question 4	Will the venture have a sound basis (IP assets ownership, Freedom to operate, resources, etc.) to fuel its growth?	
Market/Customers	Question 5	How clear and compelling is the venture positioning in the competitive landscape? How realistic and sound are assumptions and estimations?	Impact
	Question 6	Does the venture have high potential to succeed and scale up in the market? Is a launching customer committed to use the product?	
Team	Question 7	Is the venture convincingly staffed? Do the individual team members have strong commitment to the venture and clear accountability?	
	Question 8	Is the Partner setup complementary and adding value to the venture (IP licensing, access to market etc.)?	
Financials / Investors	Question 9	Is there additional financial investment committed to the venture, in the Activity budget? Are the financial needs well assessed and realistic?	
	Question 10	How convincing is the venture profile to attract additional investors at the end of the Activity?	

Annex D. EIT formal aspects: Costs Reporting and KPIs

This Annex includes important additional information related to formal requirements on KPIs, financial aspects and partnership for Activities that will be included in the EIT Digital Business Plan. It is therefore important that proposers read this section carefully. All Business Plan Activities need to comply with the Horizon Europe and EIT requirements, which may be subject to changes. A dedicated EIT Digital intranet page (requiring a valid EIT Digital intranet account to be accessed) contains further essential information for proposal authors and will be kept up to date with the latest information.

The financial justification of the Activity is detailed in the EIT Digital submission system (tab “5. Budgets”). The budget information needs to be precise and concrete, considering the requirements from the Horizon Europe Model Grant Agreement (MGA). The MGA is a key document defining the general framework under which activities need to operate. The MGA will be shared with EIT Digital Partners via the EIT Digital intranet page. Also, it’s important that budget is assigned to the correct cost category:

- A. Personnel costs
- B. Sub-contracting costs
- C. Purchase costs
- D. Other cost categories
- E. Indirect costs. This is a flat rate of 25% of the eligible direct costs (categories A-D, except volunteer's costs, subcontracting costs, financial support to third parties and exempted specific cost categories, if any).

In terms of the MGA and the EIT Digital submission system content and requirements, please note the following:

- The “action”: refers the EIT Digital Business Plan including its annexes.
- Costs need to be allocated to one or more tasks. Tasks define how the work is broken down between Partners and how much each part of the work costs. In the submission system, these tasks are called Catalyst Tasks. It is possible to model the budget of a Task based on planning assumptions, while the reporting will have to be based on actual costs, which cannot exceed the approved budget.
- “Annex I”: refers to the Annex I of the EIT Digital Business Plan where all the Activity details and targets are reflected.
- Financial Support to Third Parties (or sub-granting) can be used to allocate budget to third parties outside the partnership. The sub-grantee selection process should be open, transparent and follow all applicable rules (as defined in the Model Grant Agreement). It is recommended to make a limited use of this cost category.

- Sub-contracting: needs to be explicitly defined in the Business Plan Annex I and follow all the applicable rules, especially with regards to value for money and avoidance of conflict of interests.
- Full Time Equivalents (FTE): We strongly recommend a commitment of at least 0.2 FTEs per Partner and Task Leader/Contributor to ensure a meaningful involvement and the allocation of enough capacity to the specific task.

Key Performance Indicators (KPIs)

Each Activity needs to define its target values for a set of relevant KPIs, consisting of:

- EIT-Level KPIs (EIT KPIs): defined by the EIT for the entire EIT community (KICs). These are the most important KPIs and require supporting formal evidence of achievement:
 - Startup-Creation KPI (EITHE04): Official document proving the registration of the new company during the Activity duration at competent local registry or Chamber of Commerce.
 - Market Innovation KPI (EITHE02): Documents, such as invoices or an online sales record, certifying cumulated financial transactions during the Activity duration for the service/product sold to a customer, or a paid pilot, for at least €10,000. The EIT will accept or reject substitute evidence of the market traction (e.g., sales contract or order form) on a case-by-case basis.
- KIC-Internal KPIs (INT KPIs): defined by EIT Digital as additional monitoring parameters.
- Activity Specific Quantifiable Targets (ASQTs): defined by individual Activity proposers and requested to define additional, measurable, Activity-specific targets which can demonstrate the impact of its implementation.

To define their KPI targets, proposal authors need to be aware of the acceptance requirements of KPIs. Without the required evidence documentation, KPIs may not be accepted by EIT in the formal Activity review process. Please note that financial penalties may be applied by the EIT and EIT Digital in case of under-delivery, including under-achievements in any of the 3 above categories of targets and KPIs.

As valuable KPI achievements may also materialise during subsequent years, Partners will be asked to support the reporting of KPI results related to their Activity even after its official end.