

SOFTPOWER:

COMPETENCES AND SOFT SKILLS
IN INNOVATION AGENCIES AT THE
BREAK OF A NEW MODEL FOR
INNOVATION SUPPORT IN THE EU

Conclusions of the 2nd discussion event:
the funding agents' views

May 30th, 2018



BACKGROUND INFORMATION

The 2nd discussion event of the 'SoftPower' task force, entitled "National agencies at the forefront of a new model for innovation support in the EU: the funders' perspective", was held on the 30th of May, 2018 at the European Investment Bank in Kirchberg, Luxembourg.

The event was organised by Luxinnovation with the support of ANI Portugal and the other task force members, and aimed at collecting the views and inputs from the community of innovation funders and investors in Europe on the role of innovation agencies.



Rational of the event

In an increasingly dynamic and complex environment for boosting innovation in Europe (EU), national innovation agencies must reflect on the model, roles and responsibilities they ought to assume for providing the most adequate support to their innovation communities. Inputs from a number of stakeholders are valuable for this reflection. The second event organised by TAFTIE's 'SoftPower' task force was focused on the funding agents' views.

As Europe still lags behind other regions of the world when it comes to breakthrough innovations and scaling-up innovative ideas, a debate has arisen in the EU on how to improve the environment and focus on market-creating innovation, while also simplifying and filling gaps in existing support for innovative start-ups and scale-ups in Europe. The European Commission (EC) is planning to set a new innovation promotion system under the next Framework Programme (FP) for R&I, namely by creating the European Innovation Council (EIC), and Member-States are themselves, through their national innovation agencies, trying to reach their highest potential innovators and experimenting new instruments and support services to help them thrive.

With a view to a more dynamic and vast innovation promotion landscape, able to capture value and explore its potential, European innovators need a continuous and well-articulated innovation promotion and support system that can create a friendly environment based on a clear assignment of roles at European, national and regional levels.

This friendly environment should start with the promotion of more synergies between innovation agencies and funding agents, since different type of funders with different rationales intervene in the process of supporting innovation in companies, thus resulting in a need to strengthen the alignment between investors and public bodies.

This report gathers the viewpoints that were collected from funding agents and other stakeholders during the event, namely on how to find ways to increase synergies with innovation agencies to enable and accelerate their activities and to provide a fruitful context in which they take place. The agenda of this event is attached under Annex I and the list of attendants is attached under Annex II.

Questions for debate

1. How relevant are blended financial instruments to cover the gap from new knowledge to market success?
2. How can innovation agencies increase investment readiness of innovation projects?
3. What services can innovation agencies provide to support successful spinoffs?
4. How could innovation agencies best use a possible future COFUND Instrument under the future EIC?

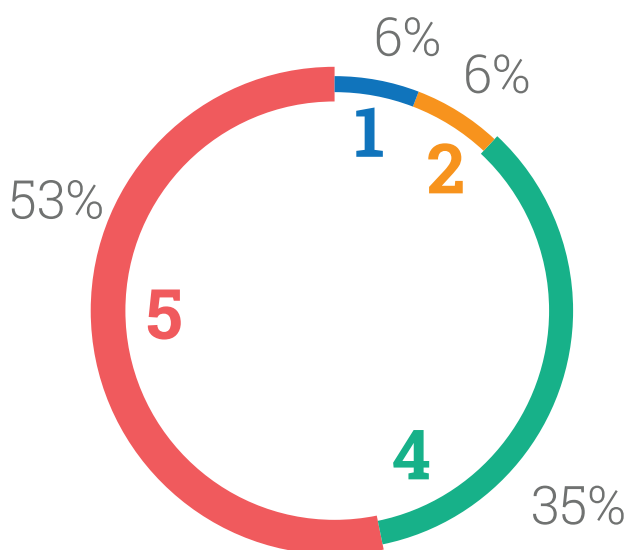
Main Conclusions

1. The relevance of blended financial instruments to cover the gap from new knowledge generation to market success – how to foster more synergies between public and private funding

Traditionally, innovation agencies focus on investments with a higher risk profile whilst other financial intermediaries (e.g., venture capitalists, business angels, banks, ...) intervene at a later stage when solutions are closer to market uptake. How to address the gap in between? Is there a way to design financial instruments (incl. blended instruments) to fill this gap? In a context of limited resources, should innovation agencies focus on supporting the emergence of many ideas (ideation process and early-stage ideas) or rather concentrate resources in encouraging the successful market entry of fewer promising innovative solutions? How to coordinate with the EC instruments and with what private investors are already doing to support the innovation ecosystem, so as to avoid overlaps and enhance the efficiency of European and national innovation policies?

Figure 1:

Audience's answers to the question "How relevant are blended financial instruments to cover the gap from new knowledge to market success?" as collected by Sli.do Poll. Scale: 1= not important and 5= very important



The fragmentation of public/private funding mechanisms in the majority of the European innovation ecosystems and the lack of coordination between grants (usually provided by innovation agencies) and investments made by private investors (at a later stage of the company's development) is a reality. One solution could be the promotion of a partnership between innovation agencies and the European Investment Bank (EIB), through the creation of a funding chain between early-stage funds (grants provided by innovation agencies) and later-stage funds (investment by the EIB). In fact, more than half of participants at the event considered that blended financial instruments are very relevant to cover the gap from new knowledge to market success (see figure 1).

Moreover, these blended financial instruments could be complemented by a set of advisory and support services provided by innovation agencies, namely on regulatory issues. The Single Market has legal constraints when one attempts to take new technologies to cross borders into other markets. Therefore, an important role for innovation agencies could be to provide advisory and support services to companies on legal aspects associated to market entry, since the regulatory dimension of a company's business model may sometimes fail the moment the company tries to expand beyond its national borders.

2. The importance of absorbing the risk – how innovation agencies can increase the investment readiness of innovation projects

In addition to diversifying the mix of instruments, increasing the investment readiness of innovation activities can also be a key factor in preparing projects for future investments. How are these advisory services implemented in practice? How are they channelled towards the beneficiaries? What type of advisory services increase the investment readiness of projects? What are the needs? Are there market barriers for companies to get access to such services? Is it the role of innovation agencies to provide innovation advisory services? Are advisory services consistent with the typical innovation agencies' activity of selecting and funding projects? Is it State Aid compliant to provide such services?

Innovation agencies should take on a more "client-centric" approach, sharing and taking risk off (see figure 2) at the client level instead of at the project level. This calls for

better understanding the client's needs in order to provide customised advisory and support services. Customised support may include selecting from a set of different funding instruments, public and/or private, as well as advisory services such as international partnerships search, for instance, through the EEN – Enterprise Europe Network services. Of course, this would mean that innovation agencies staff would have to develop a set of financial skills, which are currently not very much developed within them, but would be very relevant to better estimate the risk that is associated to a certain company to be supported.

Another way that innovation agencies could act so to absorb the risk of recently created companies would be to provide "certificates of excellence" to the technologies, including those that the agency has helped developing, thus decreasing the risk for investors to associate to the further development or commercialization of that technology.

Along the same lines, innovation agencies could also partner with RTOs, or other stakeholders, to provide "certificates" on the technology readiness level of a product or service under development. This would favour that technology to have customers when it enters the market, which increases the interest of investors. By providing services closer to the client, innovation agencies would secure the business "reality check" for the company and investors would potentially feel less resistant to invest in those early-stage companies.

Figure 2:

Sli.do Poll results when the following question was posed to the audience: "How can innovation agencies increase investment readiness of innovation projects?"



3. The case of spin-off companies: what services can innovation agencies provide to support successful spin-offs?

Spin-off companies typically face the so-called "valley of death". After having matured a technology to a minimum viable product and interested the first clients, many questions arise. What role should be expected from funders? How to structure the company? Is the business model scalable? What type of funding is needed when a spin-off is too mature for "research funding" and too early-stage for investors' intervention? While main knowledge-intensive regions in Europe (e.g. Oxford, Cambridge, Leuven or Gothenburg) demonstrate success in terms of spin-off creation, there's still the need to think about a sustainable model in regions where the potential for launching spin-off companies is more scattered. What role can innovation agencies play in terms of both advice and funding schemes?

Figure 3:

Sli.do Poll results on the audience's answers to the question "What services can innovation agencies provide to support successful spin-offs?" (%)

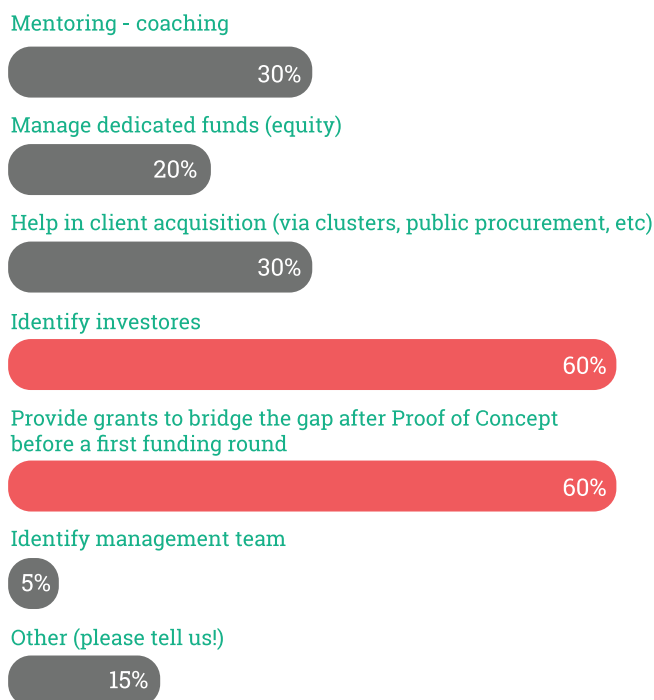
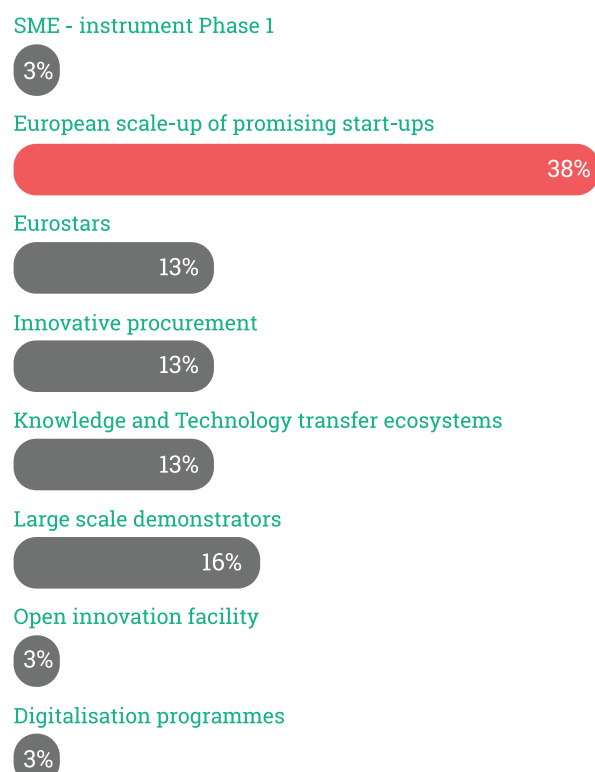


Figure 3 shows that 60% of the participants at the event believed that, in order to provide support to successful spin-off companies, innovation agencies could focus, firstly, on providing grants in order to bridge the gap after the Proof of Concept and before a first round of investment raising, as well as on identifying investors after that. Other types of support, such as mentoring/coaching (30%), help in client acquisition (via clusters, public procurement, etc.) (30%) and manage dedicated funds (equity) (20%) were also considered as important ways to provide support to spin-off companies, thus bridging the “valley of death” that is associated to this companies’ development stage.

Thus, national and regional innovation agencies should foster a less adverse risk culture, which is not natural to the “European DNA”. This can be facilitated by aligning public bodies with investors through blended financial mechanisms as well as having innovation agencies providing a set of advisory and support services that complement and help bridge the gap between early-stage and ready-to-market technology development (e.g., the case of spin-off companies). Taking into consideration what is foreseen for the next European framework programme, namely the higher focus of the EC on disruptive innovation, of the other types of innovation (e.g., incremental innovation) should be funded through the COFUND Mechanism involving innovation agencies. It becomes therefore, increasingly important that innovation agencies act in a complementary way with other types of funders, in order to better support companies and innovators in general. This said, the EC sees the role of innovation agencies under FP9 as a “fast track” support access to companies that have already been funded at EU level and are then at a phase of continuous growth and internationalization. A number of proposals for COFUND programmes were presented for discussion. According to figure 4, participants of the event considered that innovation agencies could best use a possible future COFUND Instrument under the future EIC to help European scale-up of promising start-ups.

Figure 4:

Sli.do Poll results on the answers from the audience to the question “How could innovation agencies best use a possible future COFUND instrument under the future EIC?” (%)



TAFTIE “SOFT POWER TASKFORCE”

NATIONAL AGENCIES
AT THE FOREFRONT OF A NEW MODEL FOR
INNOVATION SUPPORT IN THE EU:

THE FUNDERS’ PERSPECTIVE

30 May 2018 | 9h00-18h00

European Investment Bank, Luxembourg (Kirchberg)



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PROGRAMME

30 MAY 2018

NATIONAL AGENCIES AT THE FOREFRONT OF A NEW MODEL FOR INNOVATION SUPPORT IN THE EU: THE FUNDERS' PERSPECTIVE

Master of Ceremony: Ian Cresswell, Head of International Affairs, Luxinnovation

Venue: European Investment Bank, 98-100, boulevard Konrad Adenauer, L-2950 Luxembourg

09:00–09:30 Welcome coffee

09:30–09:40 Opening

SIMON BARNES, HEAD OF ADVISORY SERVICES, EUROPEAN INVESTMENT BANK
MARIO GROTZ, PRESIDENT, LUXINNOVATION

09:40–10:00 Setting the scene

SHIVA DUSTDAR, HEAD OF DIVISION,
INNOVATION FINANCE ADVISORY, EUROPEAN INVESTMENT BANK



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PART I.

ALIGNING INVESTORS / PUBLIC BODIES

10:05–11:20 Interactive session

Different type of funders with different rationales intervene in the process of supporting innovation in companies. What is the most effective way to support the emergence of new economic activities?

Traditionally innovation agencies focus on investments with a higher risk profile whilst other financial intermediaries (venture capitalists, banks) intervene at later stage when solutions succeed on the market. How to address the gap in between?

- Are there successful ecosystems that cover the gap?
- Is there a way to design financial instruments (blended instruments) to fill this gap?
- In a context of limited financial resources, is it better for innovation agencies to focus on the emergence of many ideas (ideation process, early-stage) or rather to encourage the successful market entry of promising innovative solutions?
- How to coordinate with the EU instrument so as to avoid overlap and enhance the efficiency of European and national innovation policies?

MODERATOR SHIVA DUSTDAR, HEAD OF DIVISION, INNOVATION FINANCE ADVISORY, EUROPEAN INVESTMENT BANK

ARI GRÖNROOS DIRECTOR OF FUNDING AND FINANCE, BUSINESS FINLAND

PROFESSOR AKSEL MJØS CHAIR OF THE NORWEGIAN CAPITAL ACCESS COMMISSION, NORWEGIAN SCHOOL OF ECONOMICS

INGA BEILIUNIENE HEAD OF PROJECT MANAGEMENT DIVISION, INVEGA (LT)

DONNCHADH CULLINAN MANAGER, GROWTH CAPITAL AND BANKING RELATIONS, ENTERPRISE IRELAND

LARISSA BEST PRESIDENT, LUXEMBOURG BUSINESS ANGEL NETWORK

NICOLAS SABATIER ADVISER TO DIRECTOR B, DG RTD – EUROPEAN COMMISSION

FRANK KRINGS CHIEF EXECUTIVE OFFICER OF DEUTSCHE BANK LUXEMBOURG S.A - MEMBER OF THE BOARD OF DIRECTORS OF THE LUXEMBOURG BANKERS' ASSOCIATION

PART II.

EXPERIENCES IN INCREASING INVESTMENT READINESS / ROLE OF ADVISORY SERVICES

11:25–12:40 Interactive session

In addition to diversifying the mix of instruments, increasing investment readiness of innovation activities can also be a key factor in preparing projects for future investments. How are these advisory services implemented in practice? How are they channelled towards the beneficiaries? As outlined in the Compendium of Evidence on the effectiveness of innovation policy, “studies generally find that technology and innovation advisory

services provide positive benefits for participating firms”. What type of advisory services increase the investment readiness of projects? What are the needs? Are there market barriers for companies to get access to such services? Is it the role of innovation agencies to provide innovation advisory services? Are advisory services consistent with the typical activity of selecting and funding projects? Is it State Aid compliant to provide such services?

MODERATORS GASTON TRAUFLER, DIRECTOR MARKETING, COMMUNICATION & STRATEGY, LUXINNOVATION AND PASCAL FABING, HEAD OF NATIONAL FUNDING, LUXINNOVATION

ALEX GLENNIE PRINCIPAL RESEARCHER, NESTA (UK)
- *State of play in innovation agencies: coaching, mentoring services*

JOHNNY BREBELS HEAD OF CLUSTER INITIATIVE & FLAGSHIP PROJECTS, LUXINNOVATION AND

MARC JACOBS BUSINESS ANGEL (LU)
- *Innovation agency / Business angel's perspective: Molecular Plasma Group case presentation*

PHILIPPE VANRIE HEAD OF EUREKA SECRETARIAT (BE)
- *Eureka E!nnoVest*

GILLES LE COCQUEN DIRECTOR OF EUROQUITY, BPI FRANCE
- *Building a community of high potential SMEs*

SANDRINE LAURENT POLICY OFFICER, SMEs, FINANCIAL INSTRUMENTS AND STATE AID, DG RTD – EUROPEAN COMMISSION

ANDREA KINDLER PROJECT MANAGER ENTERPRISE EUROPE NETWORK, FFG (AT)

PAULO ANDREZ FOUNDER OF ENTREPRENEURSHIP AGENCY DNA CASCAIS, PRESIDENT EMERITUS EBAN (PT)

TBD EUROPEAN INVESTMENT BANK

12:45–13:45 Walking Lunch

PART III.

THE CASE OF SPIN-OFF COMPANIES: HOW TO BRIDGE THE GAP?

14:00–15:15 Interactive session

Spin-off companies typically face the valley of death. After having matured a technology to a minimum viable product and with the first clients, many questions arise. What is the role of founders? How to structure the company? Is the business model scalable? What type of funding when a spin-off is too mature for “research funding” and too early stage for investors?

While main knowledge-intensive areas in Europe (For example: Oxford, Cambridge, Leuven or Gothenburg) demonstrate success in terms of spin-off creation, the aim of this session is to think about a sustainable model in areas where the potential for launching spin-off companies is more scattered. What role can innovation agencies play in terms of both project advice and funding schemes?

MODERATOR: PASCAL FABING, HEAD OF NATIONAL FUNDING, LUXINNOVATION

ANDREEA MONNAT HEAD OF UNIT – INNOVATION PROGRAMMES, NATIONAL RESEARCH FUND AND

ERIC TSCHIRHART SPECIAL ADVISOR – TECH TRANSFER & FUNDRAISING, UNIVERSITY OF LUXEMBOURG

- Luxembourg greenfield approach – building the spin-off ecosystem

LENNART KAMPHUIS TEAM MANAGER, NETHERLANDS ENTERPRISE AGENCY

- The Dutch valorisation programme – how innovation agencies can shape local ecosystems

CATARINA MAIA HEAD OF TECHNOLOGY LICENSING OFFICE, INESC TEC (PT),

- What respective roles for TTOs / innovation agencies / investors in bridging the gap?

SANDRA FERRI HEAD OF TECHNOLOGY TRANSFER INVESTMENTS, EUROPEAN INVESTMENT FUND

- EIF experience – Tech transfer fund: EIF tools to reinforce local ecosystems?

ALAIN RODERMANN MANAGING PARTNER, DIGITAL TECH FUND - EXPON CAPITAL (LU)

BENCE KATONA DEPUTY CEO HIVENTURES (HU)

PART IV.

EIC

15:20–16:00 Presentation and debate

MODERATOR: MARCUS BIDMON, NATIONAL CONTACT POINT FOR ACCESS TO RISK FINANCE, FFG (AT)

TOWARDS FP9 AND THE EIC – MAIN NOVELTIES, POSSIBLE ROLE FOR INNOVATION AGENCIES
STÉPHANE OUAKI, HEAD OF UNIT “SMES, FINANCIAL INSTRUMENTS AND STATE AID”, DG RTD,
EUROPEAN COMMISSION

16:00–16:30 Coffee break



PART V.

KEY FINDINGS

16:30–17:30 Open debate

The last session will discuss the main findings and analyse them in relation to collected ideas around:

- activities and skills to be developed within innovation agencies in order to better support the innovation ecosystem.
- identified limits and risks, issues around the expectations.
- what potential joint-programmes of Innovation can be developed under FP9/Innovation Pillar (soft skills, SME-oriented research project)? Any leads?

MODERATOR: ANA PONTE, PARTNERSHIPS AND COOPERATION UNIT, ANI (PT)

REPORT ON 3 SESSIONS:

- Timing of interventions/Form of financial support
- Increasing investment readiness
- Bridging the gap for spin-off companies

REPORT ON POTENTIAL JOINT-PROGRAMMES OF INNOVATION: YOUNIS HIJAZI, HEAD OF EU LIAISON, LUXINNOVATION

17:30 Closing remarks by European Investment Bank/Luxinnovation



GENERAL INFORMATION

VENUE

European Investment Bank, 98-100,
boulevard Konrad Adenauer
L-2950 Luxembourg

The European Investment Bank (EIB) is the European Union's bank. It is the only bank owned by and representing the interests of the European Union Member States. The EIB works closely with other EU institutions to implement EU policy.

The EIB is the world's largest multilateral borrower and lender. IT provides finance and expertise for sustainable investment projects that contribute to EU policy objectives. More than 90% of the EIB's activities are in Europe, but it is also a major investor around the world.

The EIB supports projects that make a significant contribution to growth and employment in Europe. Its activities focus on four priority areas: Innovation and skills; Access to finance for smaller businesses; Infrastructure; and Climate and environment.



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Workshop organised in the framework of the TAFTIE “SOFT POWER TASKFORCE”.



European Network of Innovation Agencies



Annex 2

List of attendants

Name	Institution
Agnes Divinyi	NRDI Office
Aksel Mjos	Norwegian School of Economics
Alain Rodermann	Expon Capital
Alessandro de Concini	EIB
Alex Glennie	NESTA
Alexander Link	Luxinnovation
Ana Ponte	ANI
Andrea Kindler	FFG
Andreea Monnat	Fonds National de la Recherche
Anna Brussa	PARP
Anna Canato	EIB
Anna Tranberg	Vinnova
Ari Grönroos	Business Finland
Arnaud Duban	Luxinnovation
Arnold Verbeek	EIB
Aziz Zenasni	Luxembourg Institute of Science and Technology
Barbara Grau	Luxinnovation
Bart Candaale	Flanders Innovation & Entrepreneurship
Bence Katona	Hiventures
Brendan McDonagh	EIB
Catarina Maia	INESC TEC
Christel Chatelain	Chambre de Commerce
Cullinan Donnchadh	Enterprise Ireland
Daniel Verlé	Flanders Innovation & Entrepreneurship
David Golding	Innovate UK
Eirik Fosse	Research Council of Norway
Eric Tschirhart	University of Luxembourg
Etienne Variot	Luxinnovation

Name	Institution
Fabrice Mouche	Luxembourg Institute of Health
Fenrir van Koert	Netherlands Enterprise Agency
Françoise Gaasch	SNCI
Frank Krings	Deutsche Bank Luxembourg S.A.
Gaston Traiffler	Luxinnovation
Gearoid Mooney	Enterprise Ireland
Geneviève Schlink	SNCI
Gilles Le Cocquen	Bpifrance
Gilles Reding	Chambre des Métiers
Ian Cresswell	Luxinnovation
Igor Milek	SPIRIT Slovenia
Inga Beiliuniene	INVEGA
Inga Elizabeth Bruskeland	Research Council of Norway
Jean-Michel Ludwig	Luxinnovation
Jens Damsgaard	Opencircle Capital
Johnny Brebels	Luxinnovation
Juan Magaña	EIB
Juho Vaananen	Business Finland
Kai Mjøsund	The Research Council of Norway
Kostadi Kostadinov	Ministry of Education and Science
Larissa Best	Luxinnovation Business Angel Network
Lidia Aguilera	University of Luxembourg
Marc D'hooge	EIB
Marc Ferring	Luxinnovation
Marc Lemmer	SnT – University of Luxembourg
Marc Schiltz	Fonds National de la Recherche
Marco Valentiny	Ministry of Economy
Marcus Bidmon	FFG
Mario Grotz	Ministry of Economy
Marion Karrasch-Bott	Project Management Juelich

Name	Institution
Mathias Havgar	Innovation Norway
Matko Boskovic	Hamag-Bicro
Matti Hiltunen	Business Finland
Maxine Adam	Innovate UK
Milena Vicenova	TA CR
Minna Suutari	Business Finland
Nadine Teles	ANI
Nicolas Sabatier	European Commission
Noemie Schuler	Luxinnovation
Pal Aslak Hungnes	Innovation Norway
Pascal Fabing	Luxinnovation
Paulo Andrez	Entrepreneurship Agency DNA Cascais
Philippe Vanrie	EUREKA Secretariat
Ramón Casutt	SwissCore
Sandrine Laurent	European Commission
Sanna Sjoblom	Vinnova

The 'Soft Power' Taskforce was jointly carried out by the following TAFTIE member agencies:



In partnership with:

