

# INNOVATION PROCUREMENT: COMMERCIALISATION OF INNOVATIONS TO OVERCOME THE VALLEY OF DEATH

**WORKSHOP-WEBINAR**  
12 May 2022



WEBINAR WORKSHOP - INNOVATION PROCUREMENT

## Commercialisation of innovations to overcome the Valley of Death

12 May 2022  
9.30 - 12.30 CEST



**Watch the replay video of the webinar via:**

**<https://youtu.be/ZG9DaaxAo3Q>**



# Welcome

**Stephan Corvers**  
CEO & Founder

**Corvers Procurement Services BV**

# Introduction & Agenda



# House rules

It is possible to ask questions in the private chat



The recording of the webinar will be made available on the EAFIP website

The list of participants will not be disseminated



In case there are technical problems, the session will be recorded and published

# PART I

TIME (CET)	TOPIC	SPEAKER/PARTICIPANTS
9:25 – 9:30	Registration to the platform	Participants can ensure that the platform's functionalities are working fine
9:30 – 9:35	<b>Welcome &amp; Introduction</b> House rules Agenda	<b>Stephan Corvers</b> CEO – Corvers <b>Lieve Bos</b> EC Policy Officer - DG Connect
9:35 – 9:55	<b>European Startup Nations Alliance</b> <i>More opportunities to cross the commercialisation gap and venture funding for startups/SMEs</i>	<b>Eoghan O'Neill</b> EC Policy Officer - DG Connect
9:55 – 10:15	<b>European Innovation Council:</b> <i>Support to breakthrough technologies and game changing innovations to create new markets and scale up internationally</i>	<b>Bertrand Wert</b> Innovation Maker & Innovation Procurement Portfolio Manager for the European Innovation Council
10:15 – 10:35	<b>What can Corporate Venturing bring to you</b> <i>Co-creation ecosystems</i>	<b>Corina Kuiper</b> Corporate Venturing Network, The Netherlands
10:35– 10:45	<b>Q&amp;A</b>	
10:45 – 11:00	<b>COFFEE BREAK</b>	

# PART II

10:45 – 11:00	COFFEE BREAK	
11:00 – 11:40	<b>Successful commercialisation plans in PCP projects</b> <i>- “Innovation sapper” strategy for PCPs</i> <i>- Cases of PCP technologies/solutions</i>	<b>Katarzyna Lenart</b> <b>Wojciech Racięcki</b> NCBR, Poland
11:40 – 12:00	<b>Venture Capital and Pre-Commercial Procurement</b> <i>A successful synergy?</i>	<b>Francesco Porpiglia</b> Vtrek, The Netherlands
12:00 – 12:20	<b>Type of investment and support to entrepreneurs</b> <b>Successful experiences of VC</b> <i>Concrete examples</i>	<b>Fannie Delavelle</b> BPI France
12:20– 12:25	Q&A	
12:25 – 12:30	<b>Conclusions &amp; future events</b>	<b>Stephan Corvers</b>

# PART I





# European Startup Nations Alliance

*More opportunities to cross the commercialisation gap and venture funding for startups/SMEs*

**Eoghan O'Neill**  
Policy Officer  
European Commission, DG Connect



# EU Startup Nations Standard



EAFIP event, 12 May 2022

*Eoghan O'NEILL, European Commission  
DG CNECT F3 – 'Digital Innovation & Blockchain'*

# A key action of the EC's 2020 SME Strategy



- **EU Startup Nations Standard** – aims to make EU the most attractive Startup and Scaleup continent
- Role of startups in the establishment of a green and digital economy and society cannot be overstated
- Startups need favourable conditions to grow at ***every stage*** of their life cycle



# EU Startup Nations Standard – A targeted set of key policy measures

- Identified through consultations with startup stakeholders and member state policy makers
- Identification of the best policy practices ('EU-made' & third country) that are hallmarks of a growth-friendly environment for startups and scaleups
- Focus on policies that fall under national – **not EU** – level competencies.
- Some of these policies have already successfully implemented in some Member States. But if **all** policies implemented by each MS – big impact on whole continent.
- Effective monitoring/reporting and meeting of milestones/benchmarks for MS to achieve the standard.



# EU Startup Nations Standard: the 8 standards

1. Start up a company in the EU in a day
2. Attracting and retaining talent
3. Stock options
4. Innovation in regulation
5. Innovation procurement (including tech transfer policies)
6. Access to Finance
7. Social inclusion, diversity, and protecting democratic values
8. Digital-first



# Standard #5 of the EU Startup Nations Standard

## *“Innovation procurement (including tech transfer policies)”*

- There are no legal or administrative impediments that would put startups/scaleups at a disadvantage compared to other participants in innovation procurement opportunities. Public buyers and procurement services are officially encouraged to procure innovations from startups.
- Ownership of intellectual property rights (IPR) can normally be retained by the startup/scaleup participating in innovation procurement opportunities to enable further commercial exploitation (unless there are exceptional cases with overriding public interests that require the public sector to retain IPR ownership).
- Policies are in place to ensure technology developed at universities and research institutes can be transferred without obstacles leading to a new wave of venture-building activity (spinoffs / startups), opening up pathways to pursue – inter alia - innovation procurement opportunities.
- Startups are actively supported to contribute to and benefit from open source assets stimulating permission-less innovation and access to trustworthy and affordable technologies

# ESNA – the ‘implementation vehicle’



- Europe Startup Nations Alliance (ESNA)
  - Vehicle to make EU Startup Nations Standard happen (“*from aspirations to operations*”)
  - First of a kind entity with such a mission
  - €8.5m of finance for the first 4 years of operations
  - HQ in Lisbon. *ESNA is led by its member countries, for its member countries.*
- ESNA Mission:
  - “*To accelerate the growth of European entrepreneurship by **improving national policy frameworks** of the ESNA Member countries on the common standards agreed upon in the Startup Nations Standard Declaration, and...*”
  - “*...to continuously **identify and develop best practices into deployable policies** based on analysis of data gathered from members on a **digital platform, providing up-to-date key information of the ecosystem**”*”

# Timeline: *from aspirations to operations*

- **March 2021:** Political launch : Ministers from 26 EU countries + Iceland commit to the initiative, via political declaration
- **Nov 2021:** Ceremonious launch of Europe Startup Nations Alliance on main stage of Web Summit. Ministers from 10 of the signatory countries on stage
- **Dec 2021:** ESNA legally established via Notary Act
- **Jan 2021:** Interim Management team in place
- **Feb 2021:** FR Council Presidency confirms ESNA will create EU “Tech Talent Desk”
- **Mar–May 2021:** formal onboarding of ESNA member countries (via notary act)
- **May 2021:** Launch of international head-hunting campaign to recruit ESNA Director
- **Sept-Oct 2021:** ESNA fully operational



# More information

- [March 2021 press release about political launch](#)
- [Text of EU Startup Nations Standard political declaration](#)
- ESNA website: <http://www.europestartupnationsalliance.eu/>
- ESNA on twitter: <https://twitter.com/ESNAlliance>



Thank you

## European Innovation Council:

*Support to breakthrough technologies and game changing innovations to create new markets and scale up internationally*

**Bertrand Wert**

Innovation Maker & Innovation Procurement Portfolio Manager

**European Innovation Council - EASME Agency**

The European Innovation Council

European  
Innovation  
Council

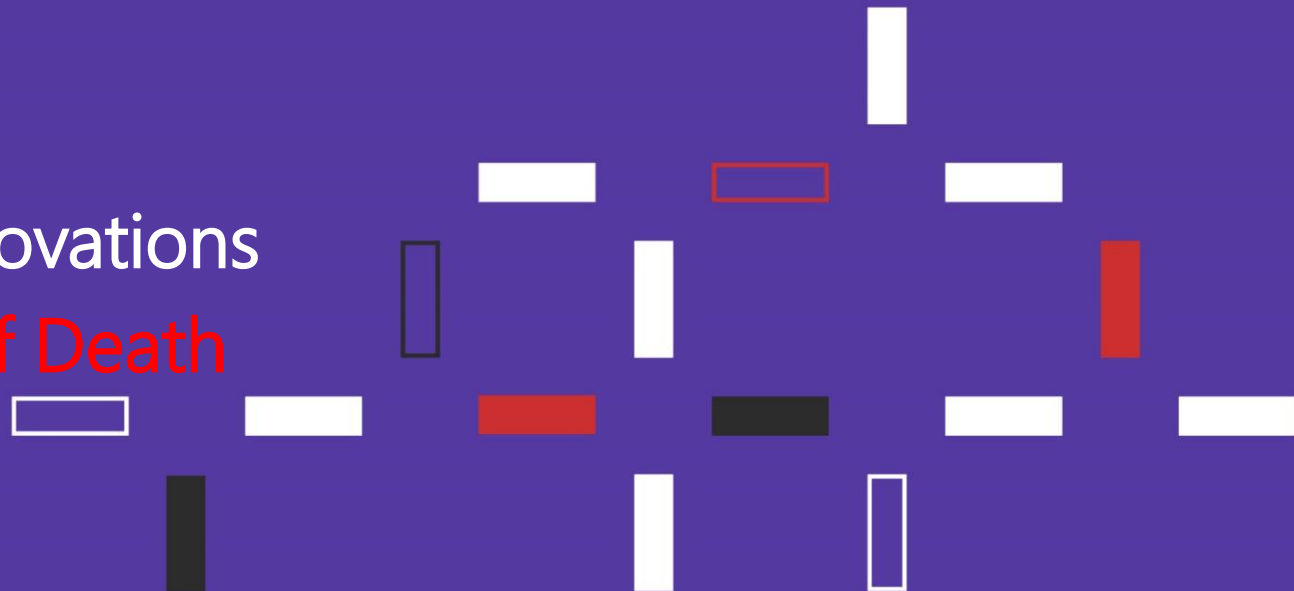


# Backing visionary entrepreneurs



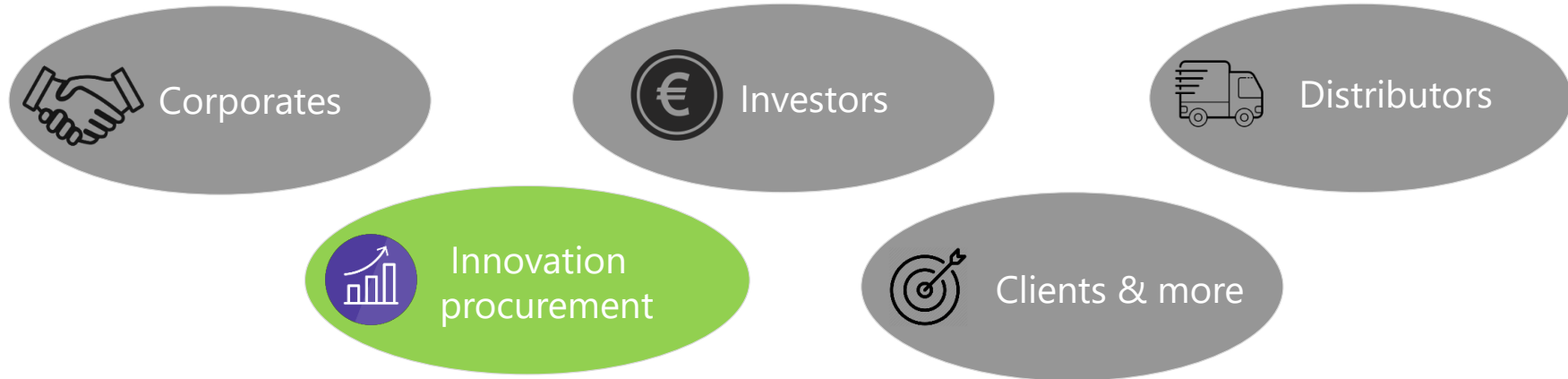
WEBINAR Workshop

Commercialisation of innovations  
to overcome the **Valley of Death**





# Access to business partners



Matching, Co-creation, Venture client, EIC Scalator, Overseas Trade Fairs



## 2021 Highlights for EIC Beneficiaries

### EIC Innovation Procurement Programme: Stats of 2021



**6**  
Events



**70**  
Attending EIC  
Beneficiaries



**109**  
Attending Business  
Partners



**83%**  
Satisfaction Rate



**42**  
1-to-1 meetings



**57**  
Business Contacts

## 2021-22 EIC IPP Partners



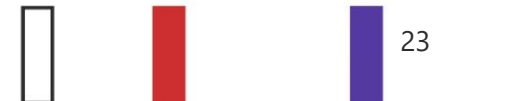


## This Programme is addressed to Whom?

- To **Public Procurers of Innovation**
  - Governments, regions, cities, hospitals, police/fire brigades, military & any other public procurers...
- To **Private Innovation Procurement**
  - Procurement departments of large companies and Mid-cap of any sectors

## How do we work?

- We start with the definition of **procurers' challenges/needs** – followed by the **preselection of EIC SMEs** that feat these challenges/needs
- Pitching/ePitching & one-to-one meetings with procurers & project leaders





# EIC Innovation Procurement Programme

European  
Innovation  
Council



## Why this programme?

- **Public Procurement of Innovation = *Large opportunities***
  - Public Pro = 14% EU GDP/year + Investment Plans
  - Modernising public services & better fitting to the needs of citizens
  - Facing societal challenges such as climate change, pandemic...
- **Private Procurement of Innovation = *Under used***
  - Competitiveness of European Companies & Supply Chain Management
- **Public & Private Procurers of Innovation improve**
  - Competitiveness/scaling-up of innovative SMEs
  - Potential First clients
- **EIC wants to develop agile, short & small actions**
  - Fitting SMEs needs
  - Complementing Commission actions on PPI and PCP



[Dr.-Ing. Silvius Grobosch](#)  
CEO [Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. \(BME\)](#)  
Watch full video [\(29\) Post | Feed | LinkedIn](#)

*“Very often, it is not known **how powerful is the procurement function and size within a company.** If you take the sales volume of a company and that you compare it to the purchasing volume, you turn to the fact that this is often 50% of the overall sales. **Another issue is that purchasing function does work alone, we need to work cross functional, this is within the company, but in the new situation with breaks in the supply chains, this is working together with the suppliers...** With the current supply chain breakdowns, this is inviting us more than ever **to network with suppliers...** On that regards, the small innovative companies have ideas. They are agile and can serve large companies.”*





## Testimonials of EIC Companies working with us



Eduardo W. Jørgensen de Vizcarrondo  
CEO of Medicsen

*"We had an event the day before the EIC Procurers Day, as well as the day after. We only stayed in Dresden for two, three hours, but **we managed to obtain this relationship with Ypsomed (large private procurer), a major outcome for us.**"*

*Having **the EIC back you up gives a boost to the position of your company.** The pharma supply chain that was present at the event felt that the EIC already picked the best of the best, which is a valuable position to be in."*



Gilles Bonnabeau  
EMEA Director at Cypheme

*"The EIC offers the opportunity to meet with exactly those high-level decision makers you need to close a deal.*

*At the event, we met a big pharma group, specialised in pharmaceutical equipment, offering both to the public and private sector. Cypheme's solution was exactly what the pharma group was looking for, namely identifying and stopping counterfeit products.*

*After the event, they initiated a short pilot. With agile parametrization and adaptation of the technology, it proved its value and they agreed to start implementing it in one of the product lines. **The partnership, initiated in the EIC event, lead to a deal worth 100 000€ of yearly revenues for Cypheme in a timespan of less than six months.***



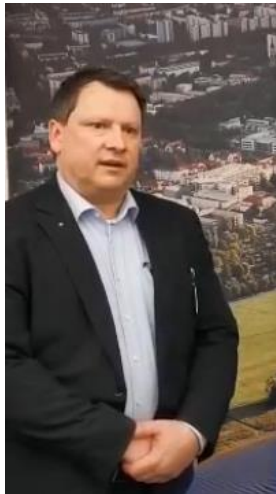
## Testimonials of Procurers that work with us



*Working with the EIC is a very interesting way to see which technologies we can integrate in our landscape. There are great ideas outside that we can benefit of.*

*The companies today were of high-quality, well-prepared and I have already seen a few with which we can do interesting projects."*

Marcos Escuder  
Head of Global Supply Chain at Evotec



*Upfront the event we identified one startup company called Medicsen, and we agreed today to have a face to face meeting.*

*Luckily today we got the approval to work together from my regulatory affair office and from our research center in Bern, looking especially into new therapies for diabetes. So we met today and we are close to finalise our deal.*

Roland Seckler  
VP Global SCO at Ypsomed AG, that spotted Medicsen company





## Forthcoming events 2022

May 2022, online

2nd ePitching on Healthcare & Biotech with Health Proc Europe and EHPPA

May 2022, online

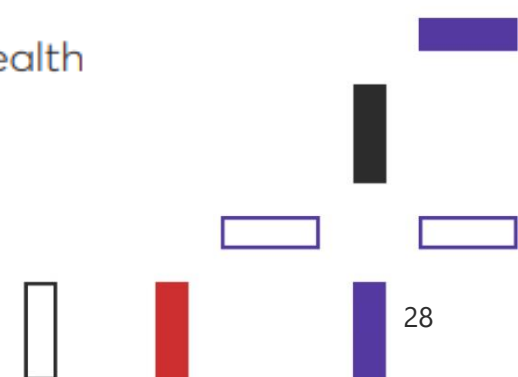
Surface material & technologies (REACH legislation) with RUAG

June 2022, online

ePitching on cloud solutions, with EOSC

September 2022, physical in Brussels

3rd Pitching on Sustainability & Digitalisation in Healthcare & Biotech with Health Proc Europe and EHPPA



# You want to work with us?

European  
Innovation  
Council



# Thank you!

EIC BAS - Innovation Procurement  
Portfolio Manager & Innovation maker



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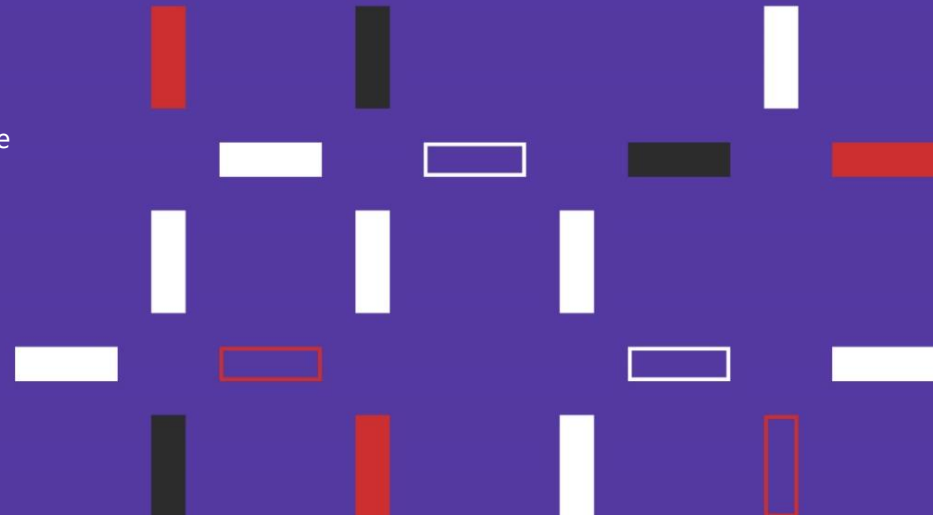
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 InnovateEU  
 Benjamin Raab

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# Budget and Financial Support to Third Parties



## Co creation with procurers: starting september 2022

Actions	Max duration	Max Amount	Third Parties	Innovative organisations
1. <b>Needs assessments</b>	5 Months	10.000 EUR	Public & Private Procurers	
2. <b>Market consultation and Engagement</b>	5 Months	10.000 EUR	Public & Private Procurers.	At least 2 EIC project/companies invited per single market consultation.
3. <b>Co-creation of pilots and test solutios</b>	10 Months	100.000 EUR or 200.000 EUR (in case of joint Innovation Procurement Actions of at least 2 different public procurers from 2 different MS or AC	Public Procurers only	Public Procurers can keep max 10% of the FSTP budget, the remaining amount goes to innovative companies
4. <b>Term of Reference Preparation</b>	10 Months	50.000 EUR	Public Procurers only	

# You want to work with us?

European  
Innovation  
Council



# Thank you!

EIC BAS - Innovation Procurement  
Portfolio Manager & Innovation maker



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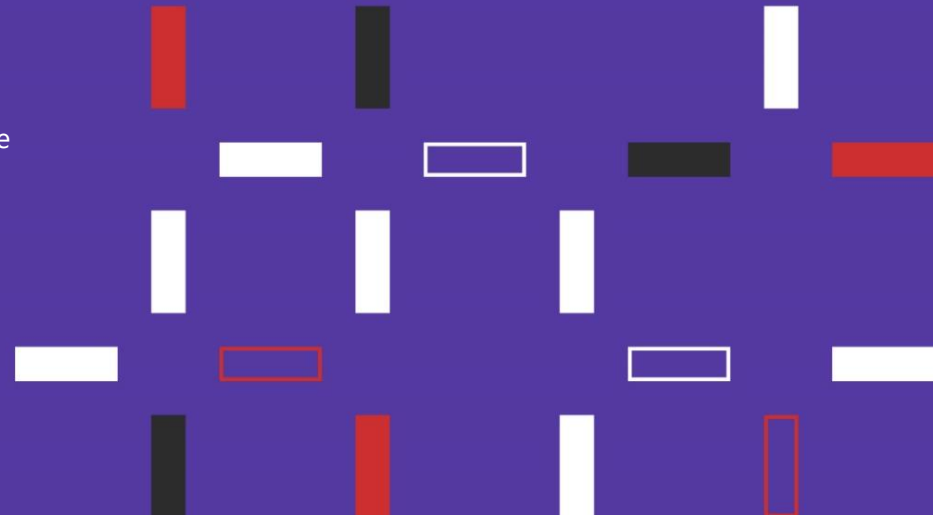
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# What can Corporate Venture bring to you

## *Co-creation ecosystems*

**Corina Kuiper**  
Corporate Venturing Network, The Netherlands



# What can Corporate Venturing bring to you

*Co-creation ecosystems*

Corina Kuiper  
Managing Director CVN

# Corporate Venturing Network



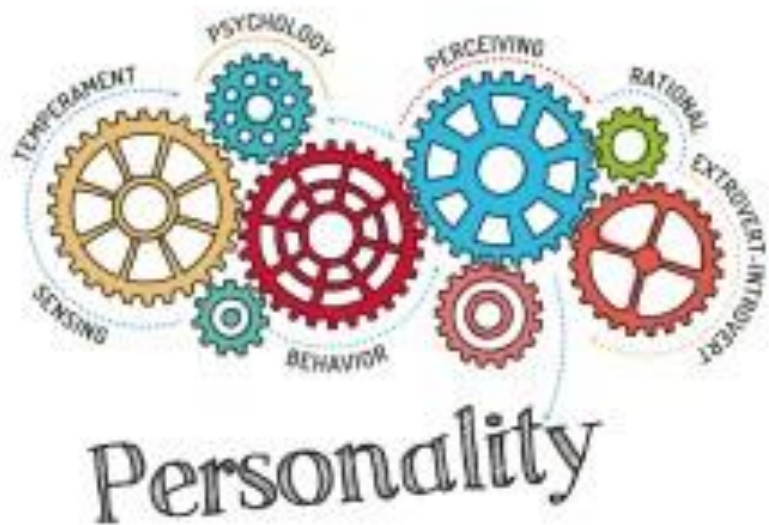
- successful network of corporates and ecosystem players active in [corporate venturing and open innovation](#).
- [non-profit peer-to-peer](#) network organization
- We [share best practices](#) and collaborate on [creating tangible leads](#) and global new business initiatives.
- operate as a [professional association](#) for corporate innovation and venturing professionals.
- [partnering](#) in different disciplines of corporate venturing to share knowledge in joint initiatives.
- Co-founder of the [Corporate Venturing & Entrepreneurship Community](#) (together with RSM/Erasmus, Tilburg University)
- Conduct [Research](#): corporate/startup collaboration, COVID-19
- Develop [tools](#) : Ready to team up scan, Pandemic Resilience Scan
- [CVN book](#): Corporate Venturing

# Our definition of Corporate Venturing

all of the entrepreneurial activities aimed at setting up new businesses by large corporate organizations, including

- Incubate and scale-up internal ventures
- Collaborations with and/or invest in external start-ups
  - Collaborations with and/or invest in VC funds
  - Open business co-creation with other corporates
  - Collaborations with (regional) innovation Hubs

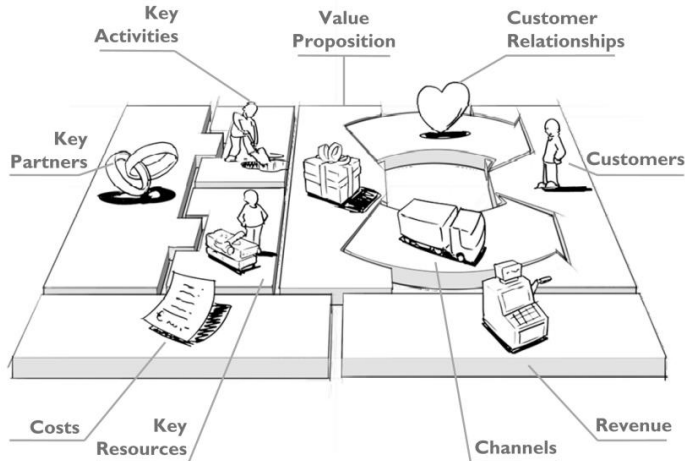
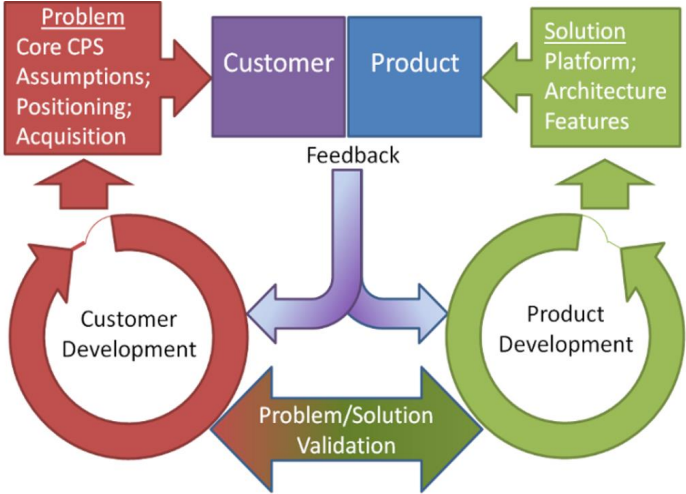
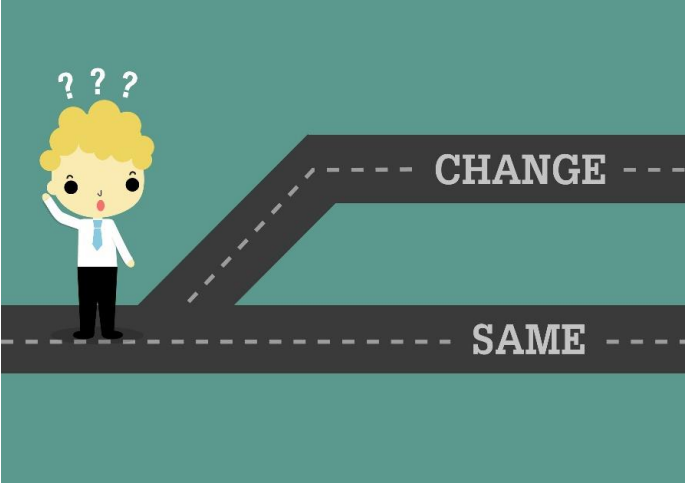
# Two ways to look at an innovation



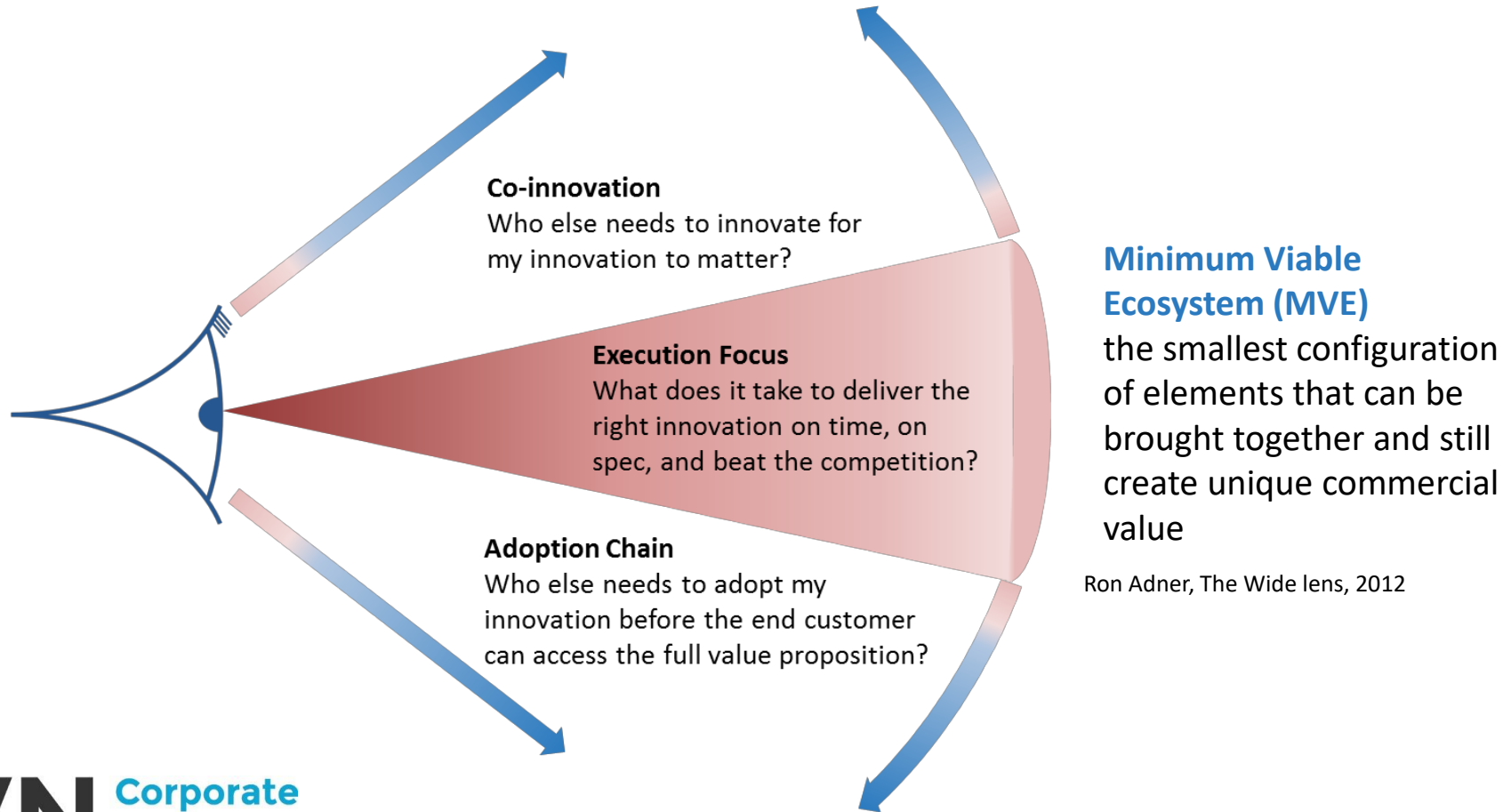
# What is disruptive innovation?



# Scope: disruptive innovations

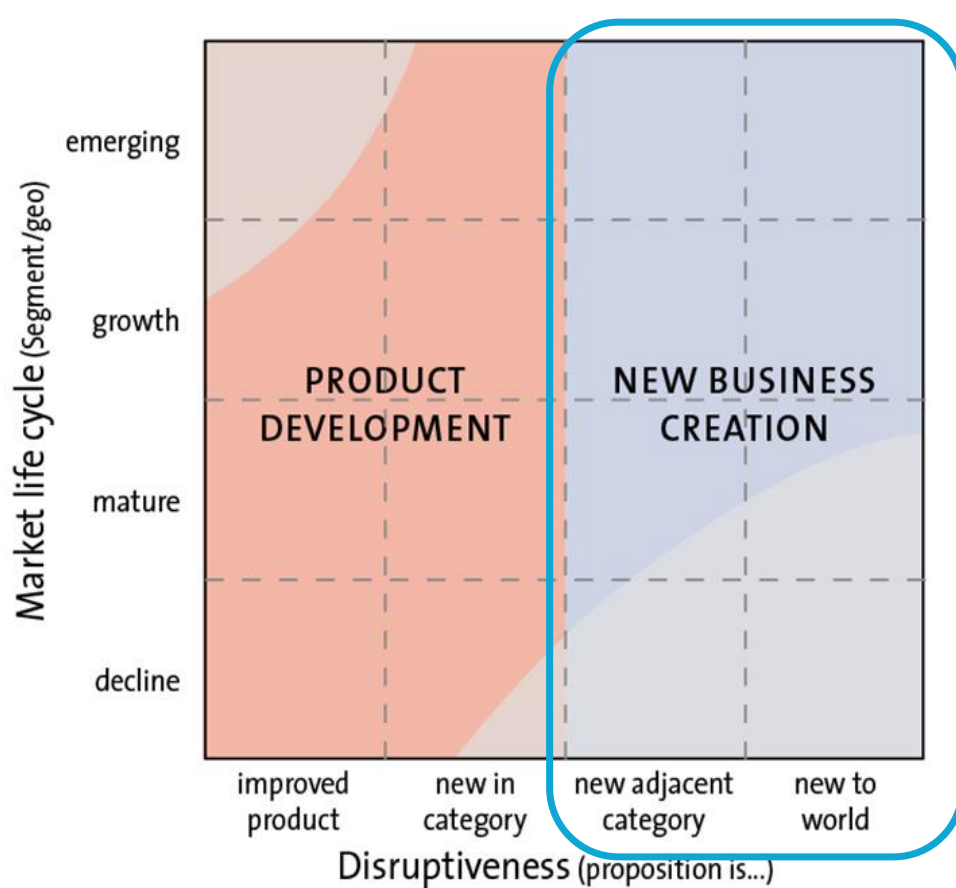


# Ecosystem



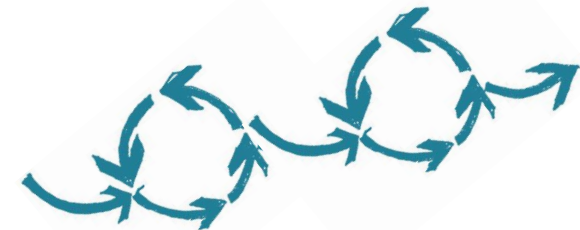
# Two dimensions creating view on different types of innovation

Exploitation  
Red Ocean  
CoreCo  
Incremental



Playing ground  
corporate venturing

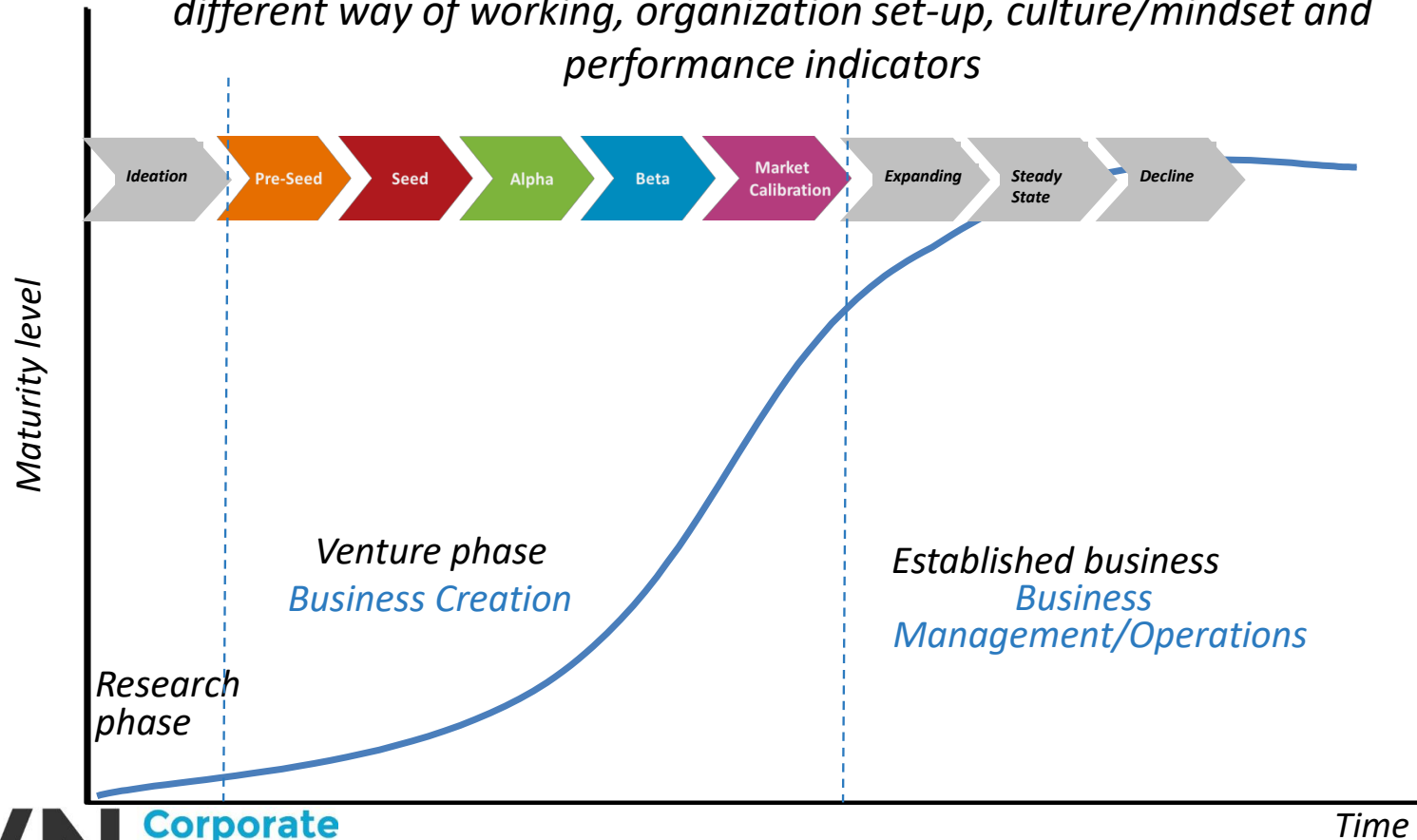
Exploration  
Blue Ocean  
NewCo  
Transforming



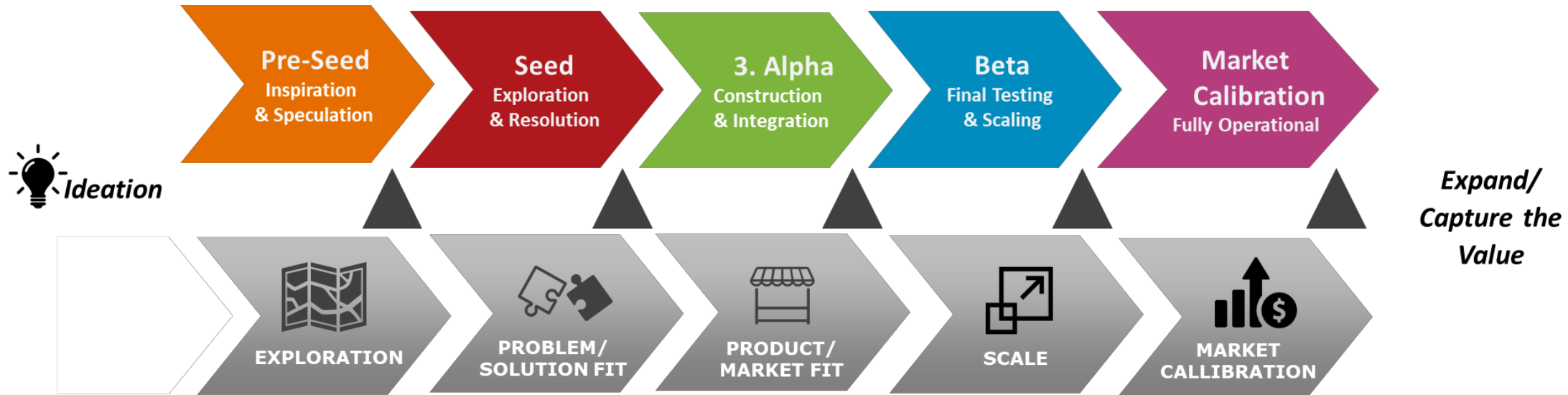


# A Staged Process for Successful Venture Development

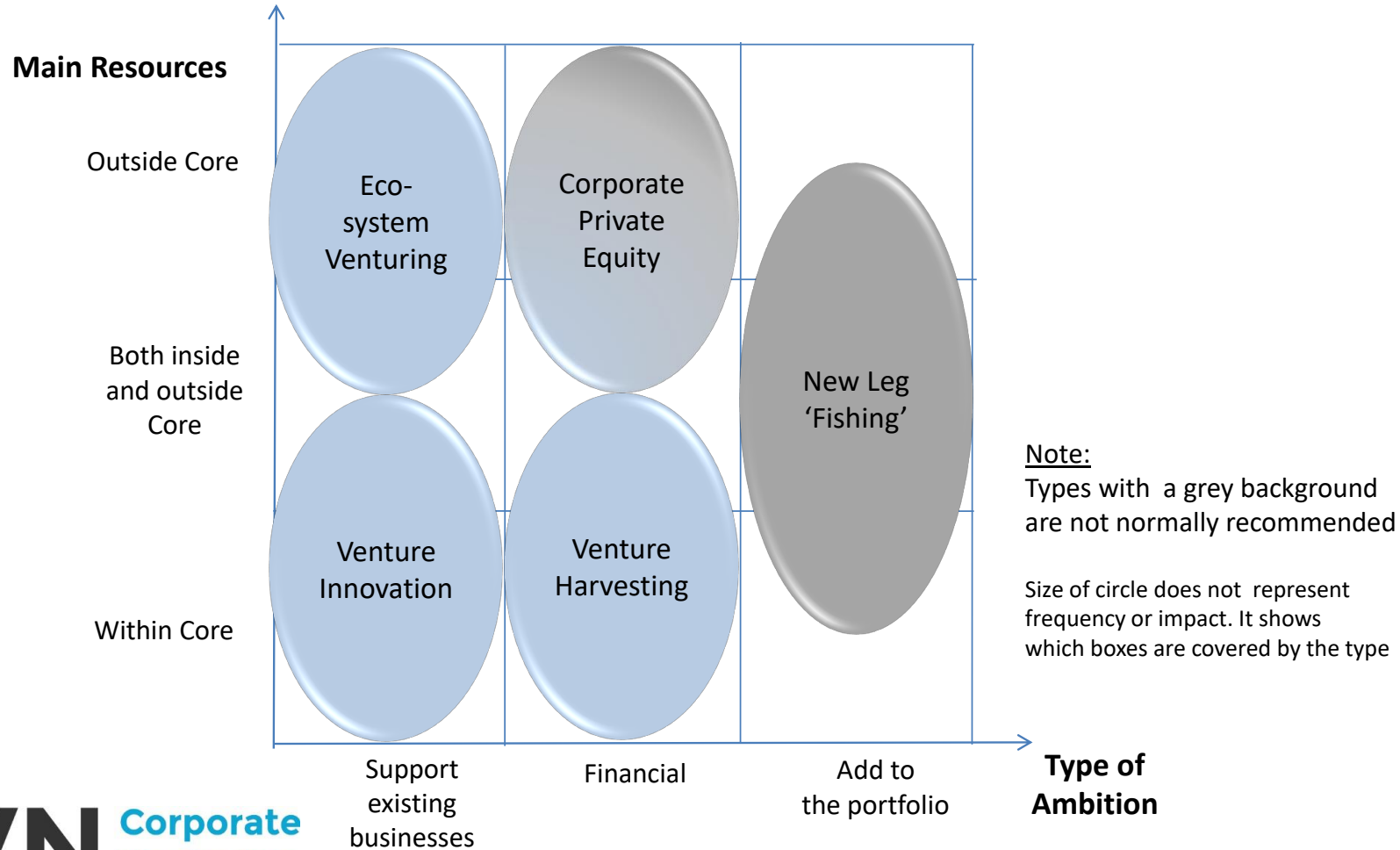
*Each phase has its own specific characteristics and therefore requires a different way of working, organization set-up, culture/mindset and performance indicators*



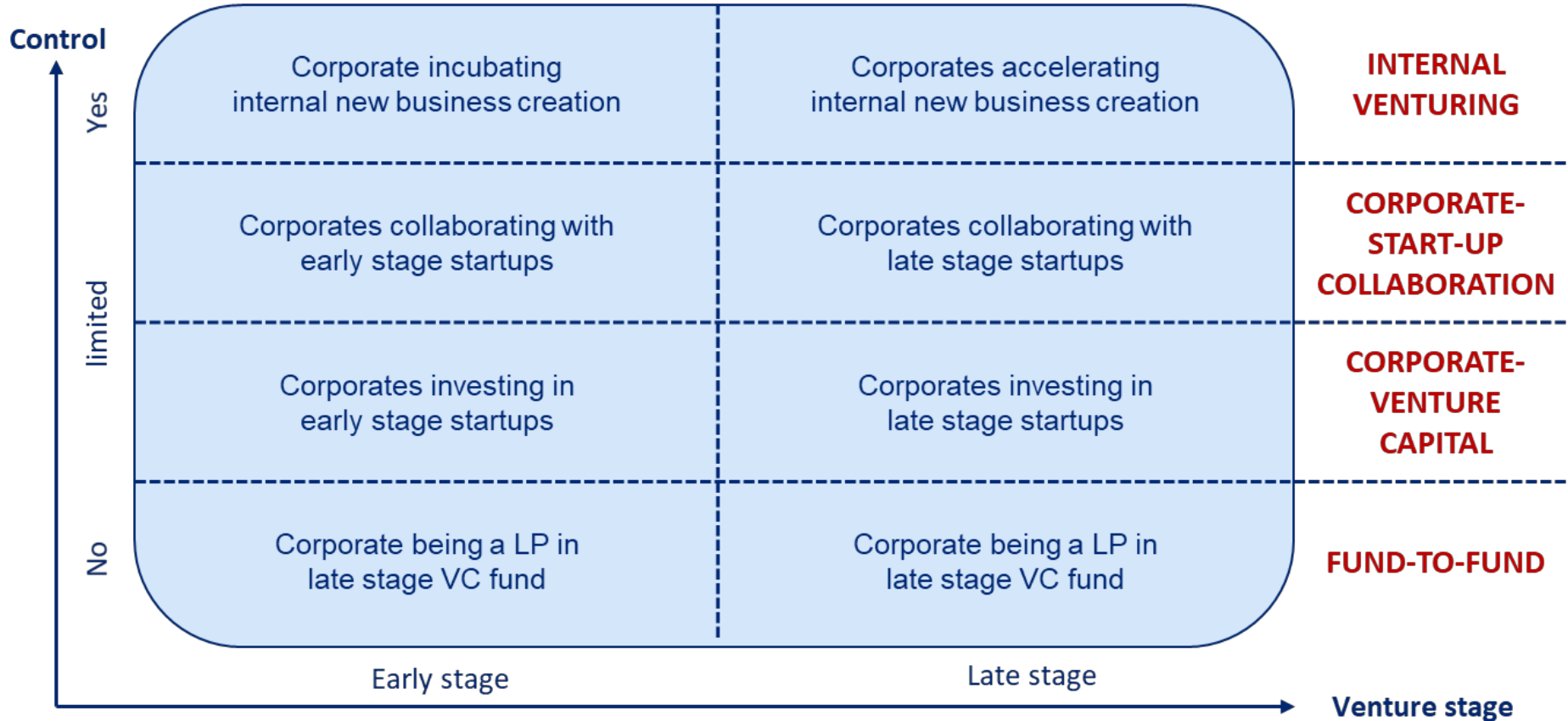
# VC versus lean startup vocabulary



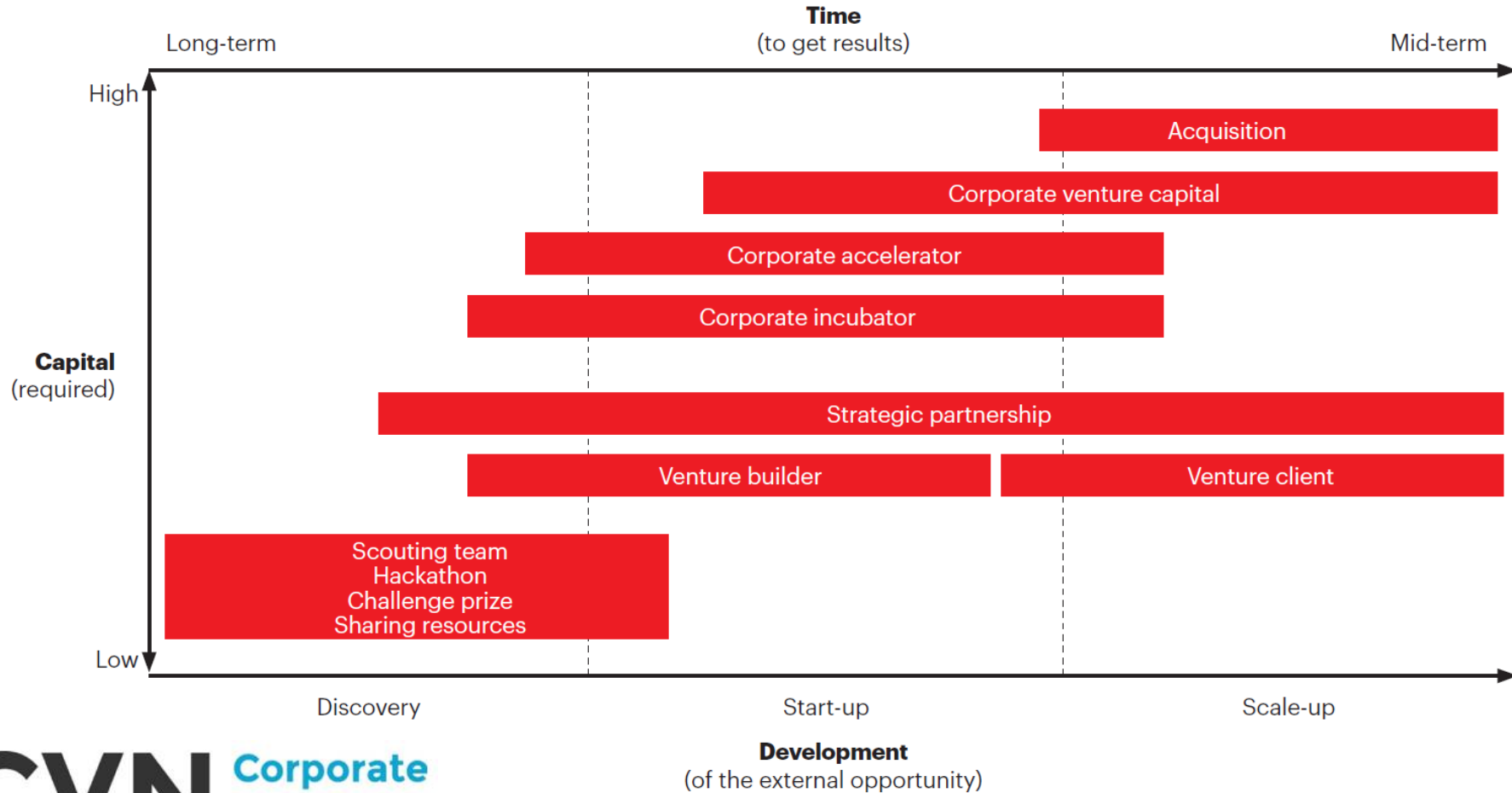
# WHY Strategic choice: Scope of Venturing



# HOW Corporate Venturing: *Many different flavors*



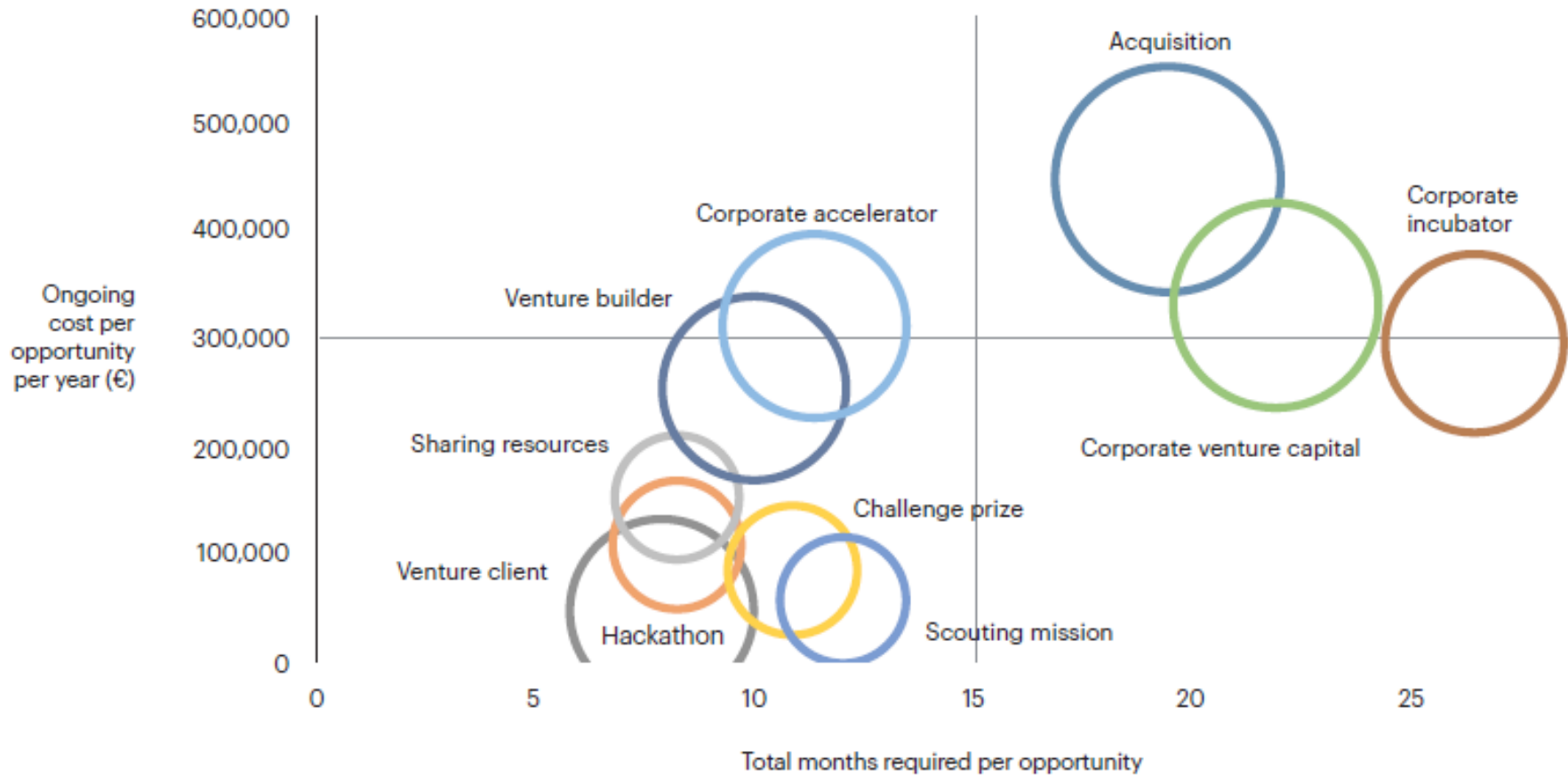
# Types of corporate start-up collaborations



# Types of corporate start-up collaborations

Mechanism	Company objective
Scouting mission	Gaining insight into leading innovations
Hackathon	Finding technological solutions to a corporate challenge
Sharing resources	Getting closer to the ecosystem to understand its composition and needs
Challenge prize	Obtaining new solutions based on new technological trend
Corporate accelerator	Supporting start-ups with a structured program
Corporate venture capital	Fast-tracking access to innovations, strengthening internal research, or accessing new distribution channels.
Venture builder	Getting an MVP outside the regular structure
Corporate incubator	Providing viability to promising innovation and its commercialization
Strategic partnership	Defining, developing and piloting innovative solutions with an existing company
Venture client	Offering a client relationship to insource external innovation
Acquisition	Accessing commercially ready products, complementary technology or capabilities

# Relationship between months and ongoing cost per opportunity



# Difference Venture Capital and Corporate Venturing

## VENTURE CAPITAL



Financial returns



Investment from external partners



Offers funding + limited guidance

## CORPORATE VENTURE (CAPITAL)



Strategic returns  
(+ final returns)



Investment from parent company



access to market, gain knowledge,  
validation, support, funding

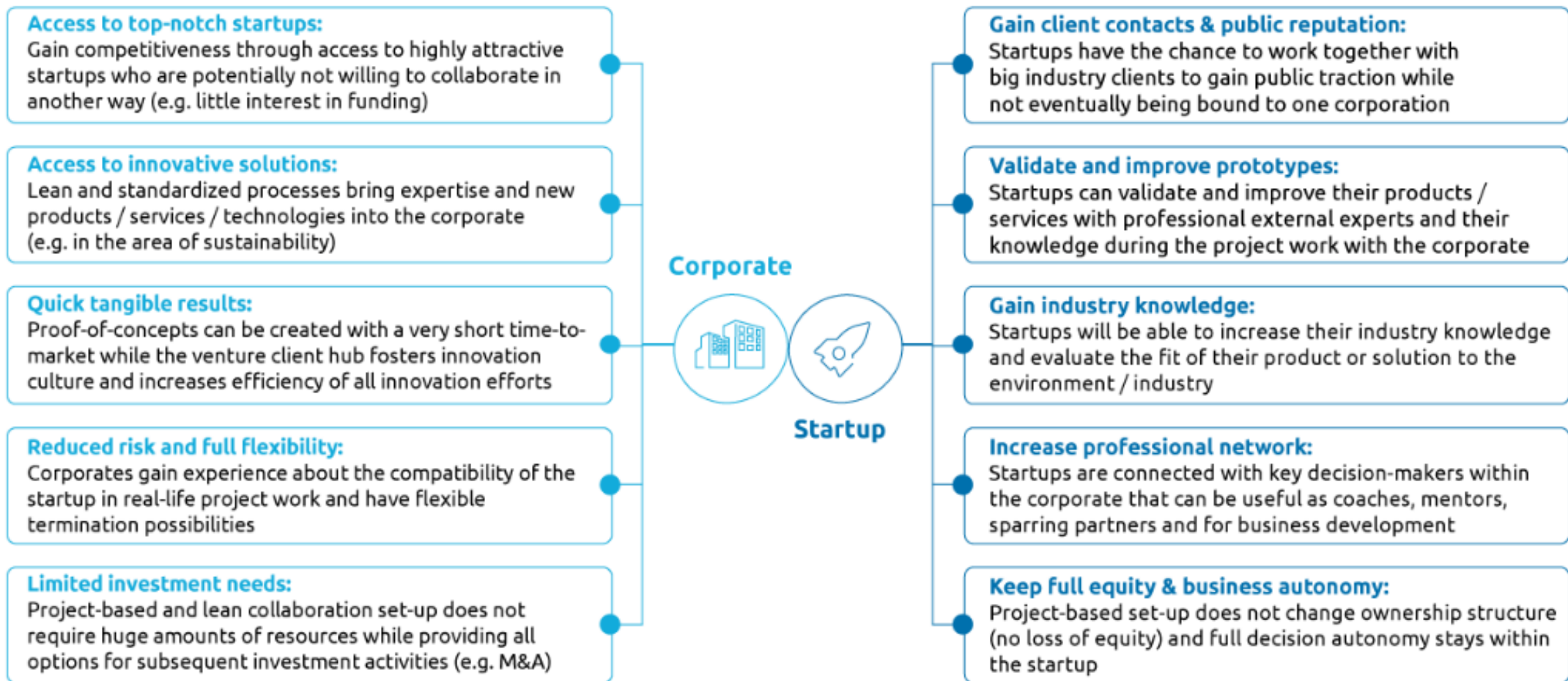


Two different worlds that need to work together



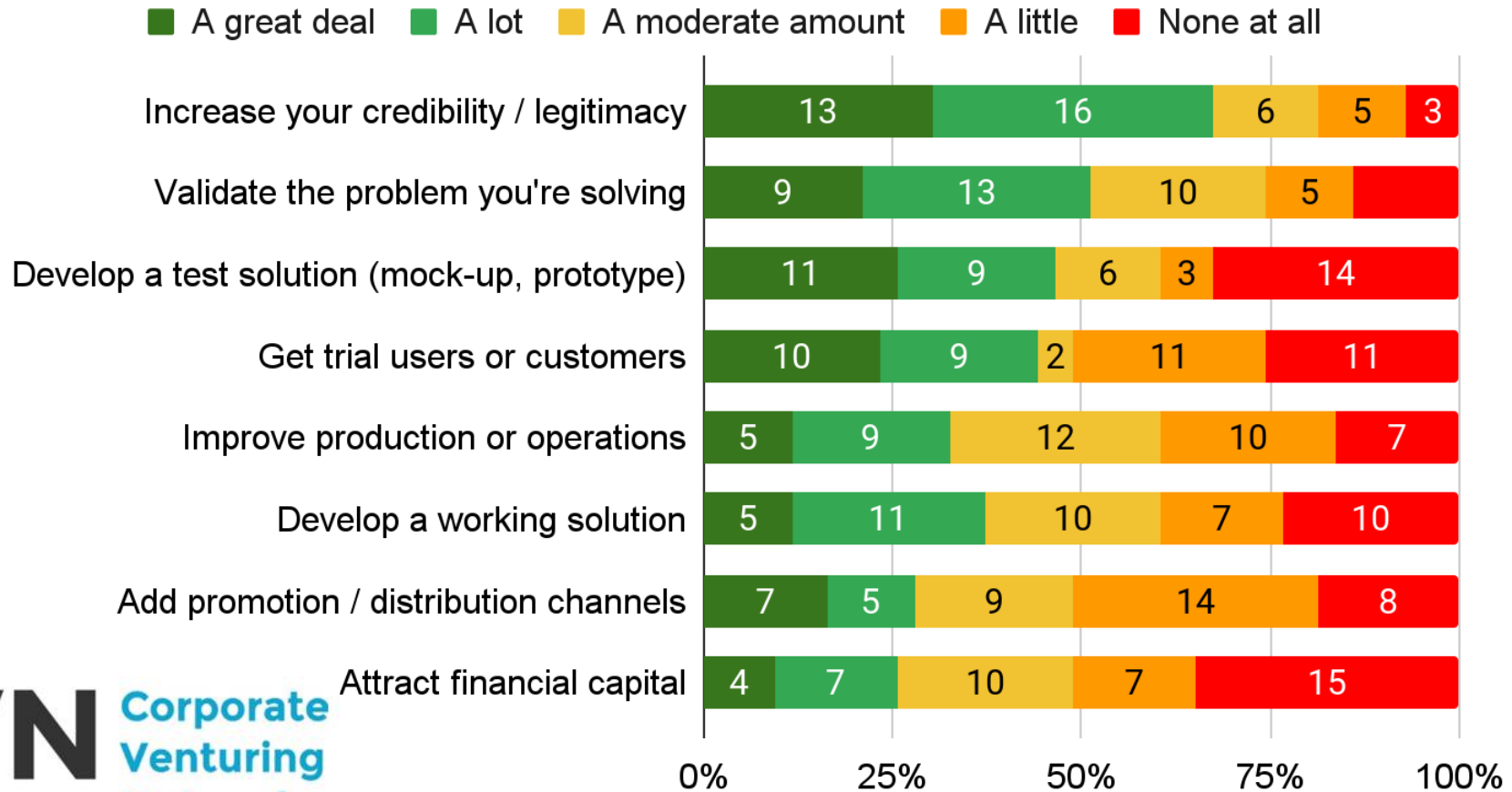
VS.

# Benefits for corporates and startups



# Start-up perspective

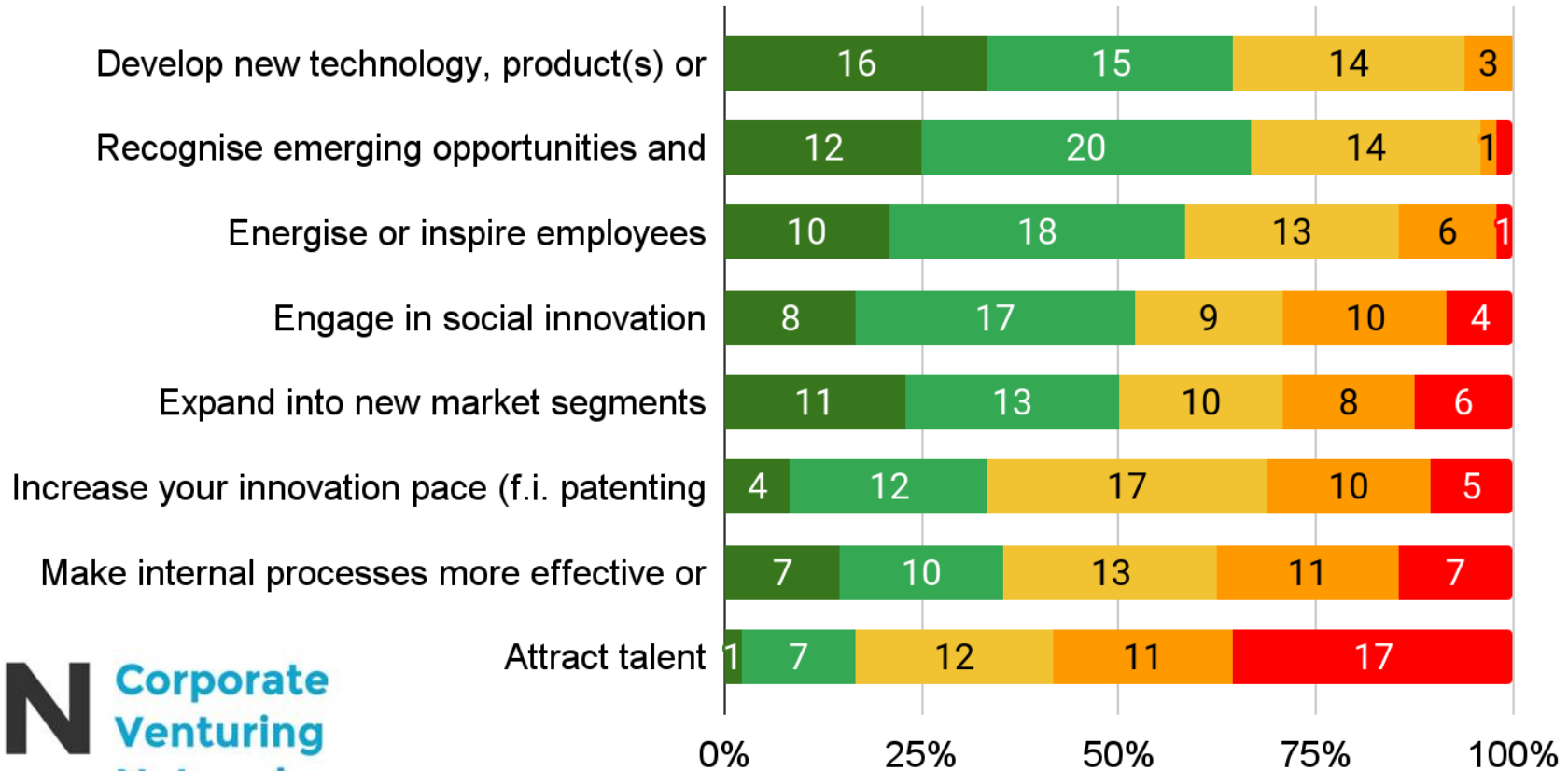
How much did the collaboration help startups to:



# Corporate perspective

How much did the collaboration help corporates to:

■ A great deal ■ A lot ■ A moderate amount ■ A little ■ None at all





Goal congruence



Communication



Resource allocation



Formalization



Internal alignment

**Outcomes for startups**

Validate the problem



n.a.

Develop a test solution



n.a.

Get trial users or customers



n.a.

Develop a working solution



n.a.

Add promotion / distribution channels



n.a.

Improving production or operations



n.a.

Attracting financial capital



n.a.

Increase your credibility/legitimacy



n.a.

**Outcomes for corporates**

Spot emerging opportunities and threats



Develop new technology/product/service



Engage in social innovation



Internal processes more effective/efficient



Expand into new market segments

Energize or inspire employees



Increase your innovation pace



Attract talent



# Key messages

- Understand which **types of innovation** you are dealing with (level of disruptiveness / maturity)
- Understand what are the **reasons to cooperate** from both the corporate as well as from the start-up/scale-up perspective. Are they aligned?
- There are several **types of corporate – start-up collaboration**, each serving a different objective.
- **VC** is financial driven; **CV(C)** is strategic driven
- Understand the **readiness-to-team-up** of the corporate as well as of the start-up
- Corporate and start-up environment are **two different worlds**
- Find the right partner is only the **start of the journey**
- It is not about the funding it is about how to increase the **return on collaboration**



**JOIN US IN CO-CREATING YOUR INNOVATION ECOSYSTEM**

**[WWW.CORPORATEVENTURINGNETWORK.COM](http://WWW.CORPORATEVENTURINGNETWORK.COM)**

## For the occasion of the 50<sup>th</sup> CVN meeting we have written a book about Corporate venturing

The book contains:

- An introduction about venturing in the Netherlands and CVN
- A discussion and overview of Corporate Venturing - Principles
- Corporate Venturing in practice: a description for 15 member companies
- Collective learning, results and conclusions



**'This is an essential reference for anyone interested in corporate venturing. It is full of helpful insights, and is illustrated with loads of great examples.'** (Henry Chesbrough, professor at UC Berkeley and author of Open Innovation)



# Q&A



**COFFEE BREAK**



# PART II

# Successful commercialisation plans in PCP projects

- *“Innovation sapper” strategy for PCPs*
- *Cases of PCP technologies/solutions*

**Katarzyna Lenart**  
**Wojciech Racięcki**  
**NCBR, Poland**

# Innovation sapper strategy for PCPs

## EAFIP WORKSHOP - WEBINAR:

Innovation procurement: commercialisation of innovations to overcome the valley of death

12/05/2022 r.

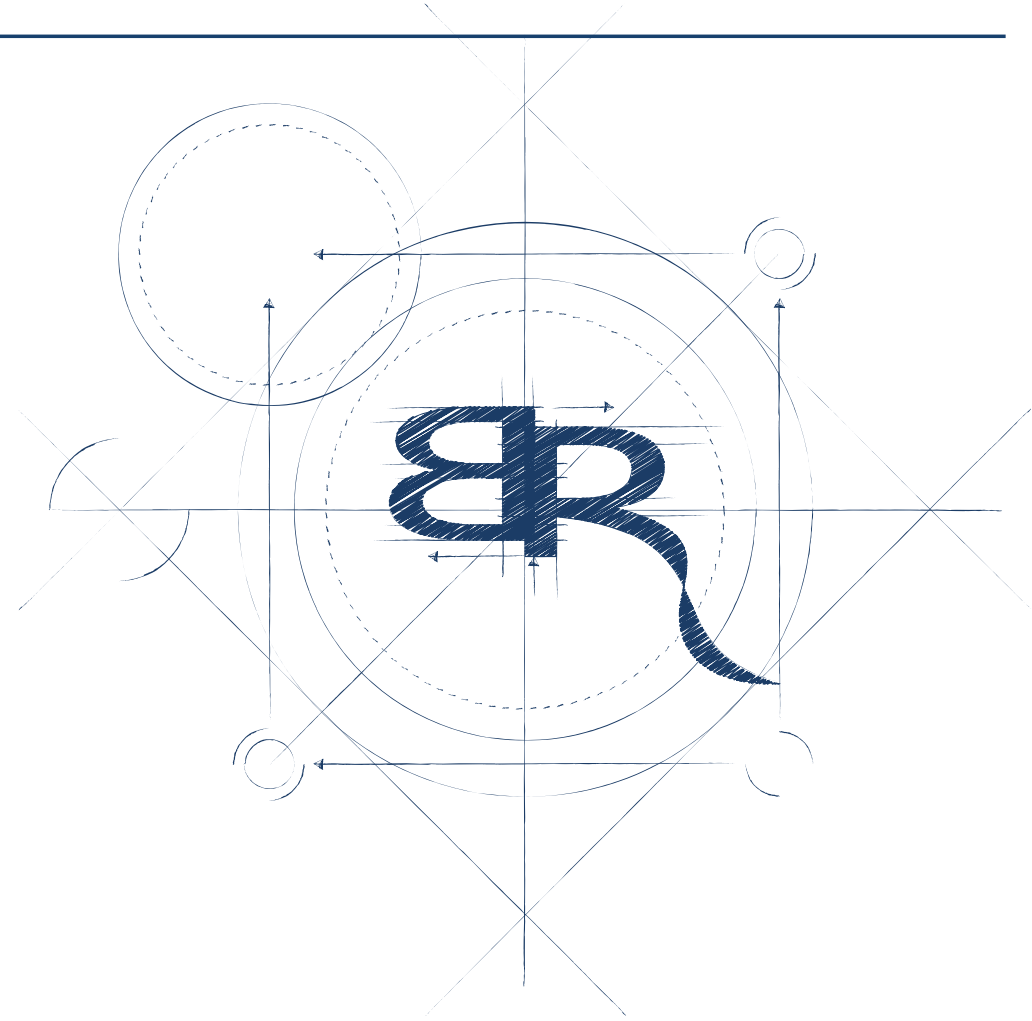


# About NCRD

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## The National Centre for Research and Development:

- executive agency of the Minister of Science and Higher Education,
- connects the world of science and business,
- co-financing R&D projects and support for domestic entrepreneurs,
- implementation of tasks serving the social and economic development of Poland and solving specific civilization problems
- Intermediate Body in Operational Programs: Smart Growth and Knowledge Education Development.



# NCRD's PCP projects for green transformation

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## Innovation sapper strategy

Pull innovations as Green Deal transformation tool

A real need/challenge is identified first

The purpose and scope of the projects are specified by the public institution

# NCRD's PCP projects for green transformation

Green Deal transformation technologies should be:

- as final as possible,
- cheaper than traditional ones,
- possible to implement in domestic market.

3xWin Principle for the scope of PCP projects:



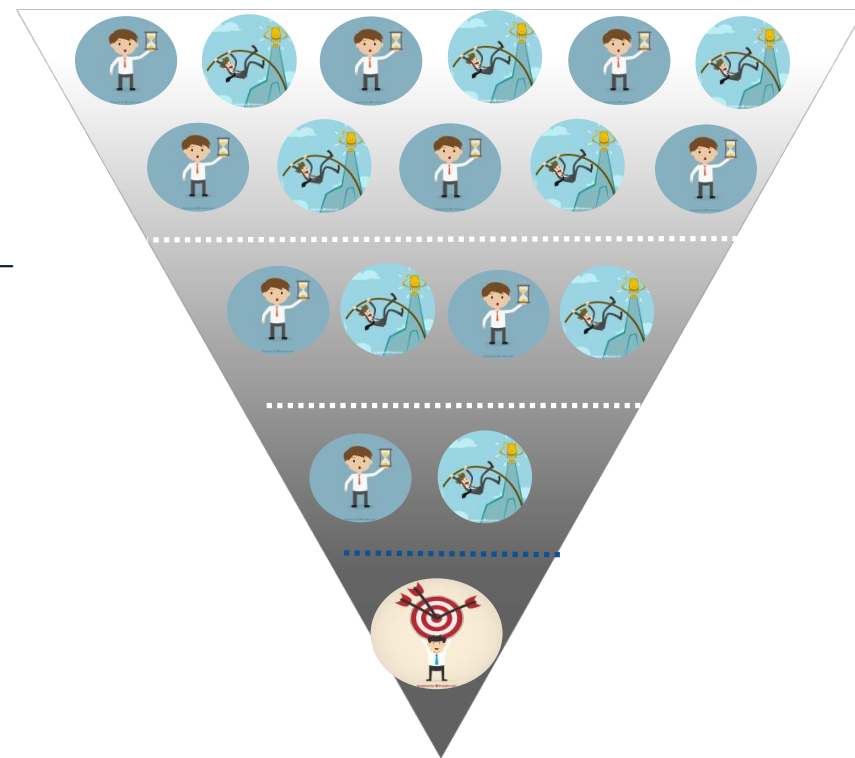
- for environment – cleaner,
- for people – healthier and cheaper,
- for economy and business – more and local.





# NCRD's PCP projects for green transformation

- Competition of contractors and selection in subsequent stages – a guarantee of the effect,
- Growing level of financing during the project – effective spending of public funds,
- Selection of contractors based on the measurable parameters – effectiveness, process transparency, no complaints,
- Reduction of formal requirements – selection of the best technological projects,
- Technology and process innovations – the effects count,



# NCRD's PCP projects for green transformation

- Full-scale demonstrators – the final confirmation of the technology
- Technology benchmarking and promotion of good practices – effective stimulation of whole sectors of the market,
- Technology licensing – wide distribution of solutions,
- Continuation of technology development (implementation of market support) by other institutions / programs – NFOŚiGW, BOŚ, PFR – technology deployment guaranteed.

## The European Innovation Procurement Awards 2021




# NCRD's PCP formula step by step




<b>Step 1:</b>	<b>Definition of specific needs and challenges</b> <i>Searching for areas, markets, branches requiring support in development as a potential subjects for new PCPs,</i>
<b>Step 2:</b>	<b>NCRD &amp; Steering Committee &amp; NGOs joint evaluation and selection</b> <i>NCRD together with Steering Committee and NGOs evaluate potential subjects for new PCPs and selects the ones for market consultation,</i>
<b>Step 3:</b>	<b>Market consultations</b> <i>Consultations with potential contractors, regarding state of the art, potential innovations, achievable technical parameters, terms of the contract, budget and PCP schedule etc.</i>

# NCRD's PCP formula step by step



<b>Step 4:</b>	<b>Final „go/no go” decision</b> <i>Final decision of Steering Committee and Director of the NCRD on which PCP shall be launched</i>
<b>Step 5:</b>	<b>PCP documentation</b> <i>Preparation of final PCP documentation – defining required functionalities, minimal parameters and other requirements, selection criteria for applications etc.</i>
<b>Step 6:</b>	<b>Call for applications and contracting</b> <i>Execution of call for applications, assesment of submitted applications and selection of entities to sign up contract for PCP</i>

# NCRD's PCP formula step by step



<b>Step 7:</b>	<b>PCP realization – R&amp;D phase</b> <i>Contractors through R&amp;D works develop their solutions and competes with each other. The NCRD selects the best solutions and technologies, which are demonstrated in full-scale in the final stage</i>
<b>Step 8:</b>	<b>Further dissemination</b> <i>Public stakeholders uses PCPs technology benchmarks, for opening programs for aid, loans or investments for similar technologies, or may finance the scaling of the commercialization of the solution</i>
<b>Step 9:</b>	<b>Solution commercialization</b> <i>Contractors commercialize their solutions by i.e. selling their products, granting licenses etc.</i>

# Green Deal PCP projects

Project name	No of technologies	No of technology demonstrators	Budget [million EUR]
Innovative biometane plant	3	1-2	9,2
Sewage treatment of the future	3	1	7,9
Process and energy efficient building construction	9	4-5	9,7
Heating plant of the future	7	1-3	11,0
Combined heat and power plant in the local energy system	10	1-3	12,6
HVAC for schools and houses	7	4	2,7
Micro-retention systems	4	4	2,1
Electric power storage	5	2-3	3,1
Heat and cold storage	9	3-5	3,4
<b>Total:</b>	<b>57</b>	<b>21-30</b>	<b>61,7</b>



Narodowe Centrum  
Badań i Rozwoju

# Thank you!

Katarzyna Lenart  
[katarzyna.lenart@ncbr.gov.pl](mailto:katarzyna.lenart@ncbr.gov.pl)

# Venture Capital and Pre-Commercial Procurement

*A successful synergy?*

**Francesco Porpiglia**  
Economic Procurement Advisor  
**VTREK**



# The (potential) role of Venture Capital in Pre-Commercial Procurement (PCP)”

**Francesco Porpiglia**

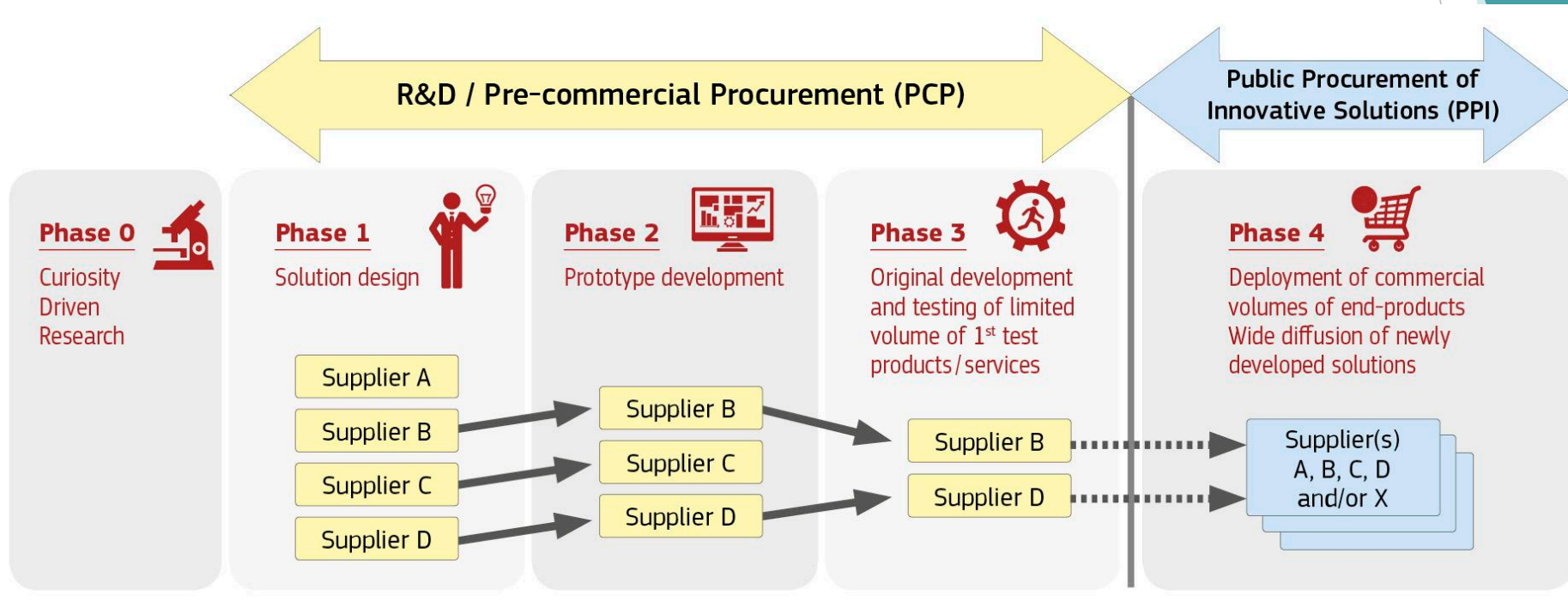
Economic Procurement Advisor, Vtrek



Empowering procurement economics

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# The Valley of Death of Innovation Procurement



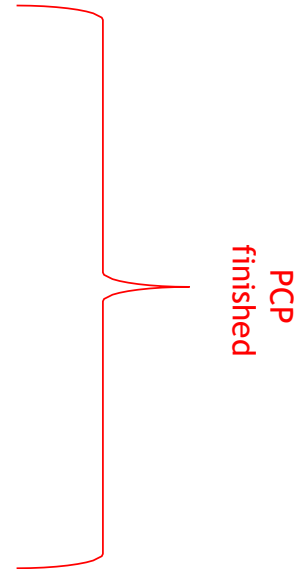
# EU funded PCP and national PCP-like initiatives



# Ongoing and completed PCP procurements

- **12 PCPs have completed (phase 3 finished)**

- ↻ [SILVER](#) (Robotics for elderly care)
- ↻ [THALEA](#) (Telemedicine for intensive care unit patients at increased risk)
- ↻ [SMART@FIRE](#) (Smart protective equipment for fire fighters)
- ↻ [Human Brain Project](#) (High Performance Computing for brain simulation)
- ↻ [DECIPHER](#) (Cross-border mobile health services)
- ↻ [V-CON](#) (Virtual construction of road infrastructure)
- ↻ [CHARM](#) (Advanced Traffic management and prediction)
- ↻ [PRACE 3IP](#) (Energy efficient supercomputing)
- ↻ [PERFORMA](#) (Long term digital preservation)
- ↻ [IMAILE](#) (Personalised e-learning solutions)
- ↻ [NYMPHA-MD](#) (Mental care for bipolar disorders)
- ↻ [HNSciCloud](#) (Science cloud platform for research community)



- **10 PCPs are ongoing (are procuring)**

- QUACO (Quadrupole magnets for large hadron collider)
- MAGIC (Post stroke recovery)
- SELECT4Cities (Internet of Everything platform for Cities)
- RELIEF (Pain self-management)
- NIGHTINGALE (Wearable sensors for safer patient monitoring/care)
- PROEMPOWER (Diabetes patient empowerment)
- LIVE INCITE (Lifestyle interventions in perioperative medicine)
- MARINE-EO (Marine earth observation)
- FABULOS (Automated bus lanes)
- SMART.MET (Smart water metering)

PCP  
ongoing

- **7 buyers groups are in open market consultation (preparing the PCP) or in the tendering phase of the PCP**

- ANTISUPERBUGS (detection/reduction of superbugs and other infections)
- STARS (Health stress reduction)
- POSIDON (Polluted site decontamination)
- BROADWAY (Interoperable mobile broadband for public safety)
- SHUTTLE (Toolkit for trace analysis by forensic laboratories)
- CIVILnEXT (Next gen information systems for EU external policies)
- ARCHIVER (Archiving and preservation for research environments)

PCP in  
Preparation

# Impact of Innovation Procurement: The EU experience in H2020

- ▶ Data from the EU Commission (DG Connect)

# Immediate impacts of EU funded PCPs (ongoing + completed PCPs)

## Opening a route-to-market for new players/SMEs

- 61,5% of the total value of all PCP contracts goes directly to SMEs
- Compared to 29% average in public procurements across Europe
- Mostly small young SMEs: 31% below 10 people, 48% below 50 people, 60% less than 10 years old

## Helping also larger market players bring products to the market

- 16% of PCP contracts won by large companies as single bidder
- 19% of PCP contracts won by consortia of larger companies plus SMEs
- 73,5% of the PCP contracts won by SMEs (SMEs alone, or as lead bidder)

## Relevance to universities & bringing scientific results to market

- 30% of winning contracts have also a university/R&D center partner in consortium
- Winning SMEs are also often university start-ups

## Stimulating cross-border company growth

- 33,1% of contracts are won by bidders that are not from a country of any of the procurers in the buyers group (e.g. DE company working for UK+NL procurers)
- Compared to 1,7% average in public procurements across Europe

## Creating growth and jobs in Europe

- 99,5% of contractors do 100% of R&D activities for the PCP in Europe

Source: Lieve Bos, DG Connect

# Lessons learned (ongoing + completed PCPs)

## **Separating PCP (R&D) from PPI (commercial volume deployment) and using a phased PCP approach**

- Opens the market for small players/SMEs (smaller gradually growing contract sizes)
- Enables procurers to steer industry R&D to meet their needs, achieve desired quality and efficiency improvements in public services and reduce vendor lock-in
- Stimulates cooperation with universities and larger companies
- Enables use of place of performance clauses that create growth/jobs in Europe

## **Joint cross-border PCP procurement**

- Stimulates cross-border company growth
- Facilitates the creation of more open standards based interoperable solutions

## **Leaving IPR ownership rights with contractors**

- Reduces the cost / the R&D risk for procurers with 50%
- Encourages wider commercialisation of solutions by vendors

## **Using a place of performance condition in PCPs**

- Can effectively stimulate growth and job creation in Europe

Source: Lieve Bos, DG Connect



# Longer term impacts of completed PCPs

## Impacts for procurers

### Improving the quality and efficiency of public services

- All completed PCPs delivered solutions that improve quality and / or efficiency
- 60% of procurers use PCP also to obtain more open, interoperable solutions

### Deployment of solutions by procurers in the project

- Procurers from 55% of completed FP7 PCPs have already deployed solutions developed during the PCP (SILVER, PRACE3IP, HBP, PREFORMA, THALEA, IMAILE)
- Procurers from 45% of completed FP7 PCPs have not procured yet
  - Delay in other deployments that need to be finished first before buying the PCP solutions: CHARM
  - Slow standardisation is delaying deployment: V-CON
  - Product commercialisation/certification/clinical trials not finished yet: SMART@FIRE, NYMPHA-MD
  - Market situation / deployment EPSOS interoperable health records delayed: DECIPHER

### Wider deployment of solutions by other procurers on the market

- Procurers from 27% of completed FP7 PCPs are already preparing additional larger scale procurements with enlarged buyer groups (THALEA, PRACE3IP, IMAILE)

Why Venture Capital and Innovation Procurement?  
The potential connection points.

# 1. Participation of SMEs

- ▶ Pre-Commercial Procurement projects are perceived as “SME friendliness” according to EC Data (2021):
- ▶ 61.5% of the total value of all PCP contracts is paid directly to SMEs
- ▶ 19% of PCP contracts are won by consortia of larger companies plus SMEs
- ▶ 73.5% of PCP contracts are won by SMEs (SMEs alone or as lead bidder)

## 2. Existence of a demand

### Existence of a demand

- ▶ According to the European Assistance for Innovation Procurement (Eafip, 2017), Contracting Authorities may engage in a PCP if the product or service needed to satisfy the specific demand is not readily available in the market. In other words, PCPs are permissible when the public demand is unmet.
- ▶ The initiation of a PCP delineates the existence of a specific demand by one or more public actors, and the forthcoming commitment to procure the innovative solution. Moreover, it also flags the lack of a response from the market and thus, that the industrial field is still virginal and the growth potential can be considerable.

### 3. Size of the investment

- ▶ In a PCP, selected contractors receive a compensation for the R&D activities on the basis of the budget established by the Contracting Authorities. Consequently, a Venture Capitalist could focus on supporting the targeted companies either by covering the remaining part of the R&D costs or by increasing the overall investment in order to boost the company's success rate.

	Phase 1	Phase 2	Phase 3	Total
Average budget	€464,000	€1,538,000	€2,000,000	€4,000,000
Average number of admitted participants	5.56	3.79	2.5	11.85
Average budget per participant	€83,450	€406,000	€800,000	€1,290,000

Table: Rounded average budget, number of firms, and budget per firm per PCP phase, based on data elaborated by the author from the E.C. website and each PCP's dedicated website.

## 4. Duration

- ▶ A PCP usually lasts between two and three years. Therefore, the firms that reach Phase 3 are expected to start the commercialisation of their products after this timeframe. Such duration may suit or may even anticipate the traditional expected investment timeframe of VC funds.
- ▶ In fact, Puri and Zarutskie (2012) have found that the VC investment is patient only within the first five years. After this timeframe, the VC probably has an opportunity to recognise whether this investment is likely to bear fruit.

## 5. Phased approach

- ▶ According to its relative maturity, a VC-backed firm receives a specific round of financing sufficient to reach some natural milestone, such as the development of a prototype product or the acquisition of a major customer. At each milestone, the parties can return to the negotiating table with some new information.
- ▶ The Pre-Commercial Procurement shares the same staged, or rather phased approach, as it is set-up in three consecutive phases whose access is contingent to the achieving of certain milestones set in the contract agreement by the Contracting Authorities.
- ▶ Furthermore, the final milestone – in a new award procedure/project - is the commercialization of the product developed during the PCP. In this regard, a VC fund may also utilise the Innovation Procurement's phases to calibrate its investment in a given company. In this case, it can commit further rounds of financing to a company, conditioned on the success of a specific PCP's phase. Conversely, funding can stop if the company fails to do so.

Results of a Roundtable with members of the  
Venture Community as part of the project  
“PREVENT PCP”



# Outcomes – Is? And How much?

- ▶ Is? Existence of a public demand. An existing project favours the identification of a traction from external investors. This calls for a clear commitment from the from the buyers.
- ▶ How much? Size of the demand. The size and the entity of the demand, which may be outside the sphere of the public domain represents a critical element to evaluate an investment in the project and in the market. Current and perspective demand to be included in the Business Case or other relevant info available to the public (website, communications, events etc.)

# Outcomes – When? Timing

- ▶ We shall not expect a direct involvement before phase 2.
- ▶ Related matchmaking activities shall take this into account.

# Outcomes - Barriers

- ▶ Commitment from the buyers
- ▶ Lengthy time to award the contract and start the procurement activities
- ▶ Lengthy payment process
- ▶ Structure of the PCP

# Some additional notes

- ▶ The before-mentioned results are project-based. Firm-specific features are also involved in a VC due diligence, which could not clearly be captured during the roundtable.
- ▶ Quantity does not mean (necessarily) quality: money shall be accompanied by other non-monetary resources (e.g. network, facilities etc.)
- ▶ Clarity over the PCP structure and the commitment of the demand in any PR and communication effort.

Link between Venture Funding and the success of the companies  
that participated in FP7 Funded Pre-Commercial Procurement  
(source: EU Commission DG Connect)

# Share of companies from FP7 funded PCPs with VC backing

- How many VC backed companies?
  - 30% of all SMEs that participated in FP7 funded PCPs are today VC backed
- Attracting first round of venture financing
  - 47,5% already their first VC backing before starting the PCP
  - 19% received first VC backing during phase 1 of the PCP
  - 9,5% received first VC backing during phase 2 of the PCP
  - 5% received first VC backing during phase 3 of the PCP
  - 19% received first VC backing after the PCP  
(this number is still expected to grow in the future)
- Attracting further rounds of venture financing
  - 10% of VC backed SMEs received additional VC backing in phase 1 of the PCP
  - 35,7% of VC backed SMEs received additional VC backing in phase 2 of the PCP
  - 18,8% of VC backed SMEs received additional VC backing in phase 3 of the PCP
  - SO FAR 17,6% of VC backed SMEs received additional VC backing after the PCP  
(this number is still expected to grow in the future)

Participation in the PCP helps several companies attract VC financing

# Success rate of VC backed companies in PCPs

## Success rate in winning PCP contracts

- Compared to all contractors (also large corporates)
  - 12,1% of all phase 1 contractors were VC backed when starting the PCP
  - 16,3% of phase 2 contractors were VC based when starting phase 2
  - 27,6% of phase 3 contractors were VC backed when they started phase 3
- Compared only to SME contractors
  - 15,6% of all phase 1 SME contractors were VC backed before the PCP
  - 22,55% of SME contractors were VC backed when they started phase 2
  - 42,1% of SME contractors were VC backed when they started phase 3

## Success rate in completing the PCP

- 20% of contractors that were already VC backed at the start of the PCP was awarded both a phase 1, phase 2 and a phase 3 PCP contract

Having VC backing is not a guarantee to win PCP contracts or to successfully complete a PCP. Keeping a dual focus on developing a product that meets the customer requirements alongside growing the company is important.

# Success rate of VC backed companies in commercialising their PCP solutions

- **Success rate in growing the business**
  - 38,1% of VC backed companies did not commercialise their PCP solution (yet)
  - 52,4% of VC backed companies have already commercialised their PCP solution and are already making revenue from it (slightly more than the average across all companies that participated in the FP7 funded PCPs)
  - 9,5% of VC backed companies have already commercialised their PCP solution but not made revenue from it yet (still completing, certifying, marketing solutions)
- **Link with IPR protecting solutions**
  - Across all contractors (including large companies): 33,33% of all IPRs are held by venture funded companies versus 66,66% by non-venture funded companies
  - Across the SME contractors only: 41% of all IPRs are held by venture funded SMEs versus 59% of all IPRs by non-venture funded SMEs.

First signals suggest a higher growth rate of the VC backed companies compared to the non-VC backed companies that participated in the PCP.

There is no direct link observed (yet) between IPR protection and VC backing.



Thank you!

**Type of investment and support to  
entrepreneurs**  
**Successful experiences of VC**  
*Concrete examples*

**Fannie Delavelle**  
**BPI, France**

Q&A



# Takeaways

- A step-by-step formula can increase the chances of success.
- PCP helps companies attract VC financing.
- A focus on developing a product that meets the customer requirements and the company growth is important.
- Findings suggest that there is higher growth rate of the VC backed companies compared to the non-VC backed companies that participated in the PCP.
- Focus on commercial value.
- Understand the value of innovation ecosystems and networking.
- There are different types of cooperation and Corporate Venture.
- Seek for expert support.



# Wrap up & Closure





# Future events



TOPIC	DATE
Innovation Procurement: Commercialisation of innovations to overcome the valley of death	12th May 2022
Evaluation and testing: tools and methodologies	14th July 2022
Climate change: procure greener	15th September 2022
Introduction to Innovation Procurement	27th October 2022
Automation of public services & Robotics: how public authorities can deal with it	15th December 2022
Construction, infrastructure & energy innovations in ICT related projects	16th February 2023

More information on: [www.eafip.eu/events/webinars/upcoming-webinars/](http://www.eafip.eu/events/webinars/upcoming-webinars/)

Call	Launch date	Deadline
1 <sup>st</sup> Call 2022	12 January 2022	15 April 2022
2 <sup>nd</sup> Call 2022	15 April 2022	15 July 2022
3 <sup>rd</sup> Call 2022	16 July 2022	17 October 2022
4 <sup>th</sup> Call 2022	18 October 2022	17 January 2023

**The 2nd of 2022 to apply for assistance under EAFIP is open**

**Apply now!**



<https://ec.europa.eu/eusurvey/runner/EAFIP2022>

# Thank you for your attention

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**EAFIP WORKSHOP-WEBINAR #1**  
**INNOVATION PROCUREMENT: COMMERCIALISATION OF**  
**INNOVATIONS TO OVERCOME THE VALLEY OF DEATH**

12 May 2022

**Q&A**

**Part I**

**European Startup Nations Alliance.** More opportunities to cross the commercialisation gap and venture funding for startups/SMEs

**Speaker:** Eoghan O’Neill. *EC Policy Officer - DG Connect*

Question	Answer
<p><b>1. How can other EU agencies leverage or support ESNA?</b></p>	<p>Firstly, it is important to note that European Start-up Nations Alliance (ESNA) is not an EU agency (which has a particular legal definition). ESNA is a new entity that will support 26 EU Member States and Iceland who, having signed the EU Start-up Nations Standard (EU SNS) declaration in March 2021, commit to ensuring their start-ups have the best conditions to grow at every stage of their life cycle, by implementing the 8 EU Start-up Nations Standard of Excellence.<sup>1</sup></p> <p>The political declaration asks ESNA to support Members States entities, policy makers, etc. All with the goal of fostering and implementing these 8 standards. I.e., the aim is to bring together all stakeholders with an interest on it.</p>
<p><b>2. Members States have to sign a notary acts. Have all MS signed it?</b></p>	<p>All EU Members States except Hungary signed the political declaration. That is the preparatory/aspirational phase.</p> <p>In the current operational phase, ESNA is legally established via Notary Act. I.e., the support of a notary office is necessary. In practice it means that MS mandate an existing agency (normally innovation agency) to take up ESNA objectives. All in all, MS are onboarding now, following Portugal’s example.</p> <p>This year, ESNA should evolve into a European level legal framework ethic. By November this year, in order to celebrate its anniversary, ESNA should be fully operational.</p> <p>ESNA is a complete novelty, such an organisation with such goals in mind has never existed before. Moreover, the governance structure of ESNA revolves around the EU presidency board, so the risk of lacking continuity due to the change of presidency is minimised, as 5 rotating MS are involved in the initiative.</p>

<sup>1</sup> See [24 EU Member States commit at Digital Day to take action to support growth of EU Startups | Shaping Europe’s digital future \(europa.eu\)](https://europa.eu)



**European Innovation Council.** Support to breakthrough technologies and game changing innovations to create new markets and scale up internationally

**Speaker:** Bertrand Wert. *Innovation Maker & Innovation Procurement Portfolio Manager for the European Innovation Council*

**Question Answer**

<p><b>3. Is the EIC providing a common platform between public and private sector to drive innovation? What are exactly the advantages? Shouldn't the public procurement agencies be able to identify such matches?</b></p>	<p>Yes, the EIC is providing a platform: <a href="https://eismea.eu">European Innovation Council   Community (eismea.eu)</a> The advantage for public and private procurers is to have access to 6000+ very innovative companies financial backed by the EIC</p>
<p><b>4. Are EIC or EISMEA doing any work similar or together with operational action oriented programmes for innovation procurement from Startups like CivTech in Scotland or StartOff in Norway? These are fast and result oriented.</b></p>	<p>These programmes are interesting and we are following them.</p>
<p><b>5. The main issue with EU funded projects is not production, but adoption. What is your opinion on this?</b></p>	<p>EISMEA wants to support start ups and SMEs, in order to deploy innovation, a sort of tech-push.</p> <p>Nevertheless, they are not only offering resources for this tech push, they are also fostering the adoption of innovative solutions. This is the reason for the additional services: business departments, corporate investors, public procurers, etc.</p> <p>EISMEA is open to new interventions – and ideas - in the line of market adoption: how to support market players to buy/adopt innovative solutions</p>
<p><b>5. Are there any concrete (future) measures planned to promote adoption of successfully tested</b></p>	<p>Yes there are several actions on going to promote adoption of successfully tested innovations ; all the European Innovation Council Business Acceleration services on “innovation procurement” <a href="https://eafip.eu">Innovation Procurement Partnership Programme Call (europa.eu)</a></p>

	<p>innovations as a general strategy within the EC?</p>	
6.	<p><b>How does EIC engage with SMEs and Start-ups? E.g. in our ERA-Net on Smart Energy Systems, many new solutions for energy transition are developed. How can project partners (e.g., SMEs) get in your network / pitch their solutions?</b></p>	<p>The <a href="#">European Innovation Council (EIC)</a> has been established under the EU <a href="#">Horizon Europe</a> programme. It has a budget of €10.1 billion to support game changing innovations throughout the lifecycle from early stage research, to proof of concept, technology transfer, and the financing and scale up of start-ups and SMEs.</p>
7.	<p><b>Does EIC have experience with Pre-Commercial Procurement (PCP) or just only with procurement for innovation? Is EIC planning to engage in PCP?</b></p>	<p>EIC is not running PCP or PPI, but trying to bridge the gap between procurers of innovations and providers of these innovations</p>
8.	<p><b>Is there any support in connecting SME's for Co creation projects ?</b></p>	<p>Yes, we are preparing such a programme – stay tuned.</p>

## Part II

**Successful commercialisation plans in PCP projects - “Innovation sapper” strategy for PCPs - Cases of PCP technologies/solutions**

**Speakers:** Katarzyna Lenart & Wojciech Racięcki. *NCBR, Poland*

	<b>Question</b>	<b>Answer</b>
<p><b>12.</b> <b>The National Centre for Research and Development just connects potential suppliers and contracting authorities or participates in the whole PCP process? If so, how is this included in the PCP contract? What is the official role of NCBR and how is risk-benefit sharing stated?</b></p>	<p>NCBR is an executive agency, which supports innovative ideas of entrepreneurs and scientists through co-financing R&amp;D projects. NCBR prepares and conducts whole PCP process as a contracting authority – it’s NCBR role to prepare PCP documentation (hence requirements for the solution, assessment criteria etc.), to launch and conduct call for applications and to sign up contracts with applicants. NCRD also assesses the solutions or technologies developed by contractors during each stage of R&amp;D phase. Concluding – NCBR conducts whole PCP process.</p> <p>NCRD finances R&amp;D works – the benefit is to obtain the licence to use R&amp;D results and share in income from commercialization, the risk is that the solution or technology would not be developed (so the goal of PCP would not be achieved). For the contractor – the benefit is to develop an innovative solution or technology (which is 100% financed by NCBR), the risk is that the solution would not meet the minimal requirements and technical parameters, so the contractor should refund financing to NCBR.</p>	
<p><b>13.</b> <b>For the construction project in Poland, does the LCC (Life Cycle Cost) criteria considers sustainability and resilience as well?</b></p>	<p>One of the parameters was the life cycle cost of the building for 30 years. Technology vendors were asked to provide with this calculation. What is more, the building should be resilient, cost-effective with a positive or zero energy balance, a low carbon footprint due to the use of recycled materials and has an efficient use of rainwater for utility purposes.</p> <p><i>* Resilience is related to shortage of the components due to disruption in the supply chain.</i></p>	
<p><b>14.</b> <b>Mandatory licensing as an obligation for the contractors to license the technology to third parties. This is a great way to</b></p>	<p>According to NCBR’s approach, licensing under market conditions is a mandatory obligation because the financing is based on contract for developing specified solution (it is not a grant),</p>	

	<p>ensure that the technology is being deployed.</p>	<p>so wide commercialization of developed solutions is crucial.</p> <p>Another approach is that NCBR shares the solution (that is a combination of existing technologies) or “good practices report” with the whole market. This is possible because it is not a new technology with related IPRs, but a summary of lessons learnt and market knowledge.</p>
<p>15.</p>	<p><b>The challenges NCBR sets are predominately system integration challenges (challenging the market to combine (often mature) technology in innovative ways). What is the IP that can be licensed?</b></p>	<p>System integration challenges are set for two of NCBR’s PCPs: <i>Heating plant of the Future</i> and <i>Combined heat and power plant in the local energy system</i>. In these two PCP projects, a process innovation is developed, so generally there is no licensing. Nevertheless, the rest of the PCPs conducted presently by NCBR are focused on the development of innovative solutions and technologies, so the IP that can be licensed consist of inventions, industrial designs, utility models etc.</p>
<p>16.</p>	<p><b>How does NCBR match the criteria "cheaper than traditional" and "innovation, R&amp;D development? Does the market pushback on this criterium?</b></p>	<p>For green innovative solutions and technologies, it is crucial to be cheaper than traditional technologies, because thanks to that they may be successfully and broadly deployed - that is why NCBR emphasizes the importance of lower costs of innovative solutions. This matter is widely discussed during market consultations, as well as the scope, the budget and the schedule of the PCP, which allows to identify what innovations are achievable in what budget and time, at which costs for the users.</p>
<p>17.</p>	<p><b>How is the place of performance requirement interpreted in the NCBR projects? Is it interpreted as requiring the individuals undertaking the work in the PCP to be located in the EU while the work is undertaken (even if the organisation is registered outside the EU)? Or is it interpreted as requiring the organisation to be registered in the EU?</b></p>	<p>NCBR requires to conduct R&amp;D works in the territory of Poland.</p> <p>All interested Entities, which are established in the territory of the European Union or states-parties to the World Trade Organization Agreement on government procurement or another international agreement regarding government procurement to which Poland or the European Union is a party, are allowed to participate in the PCP.</p>

**Venture Capital and Pre-Commercial Procurement. A successful synergy?**

**Speaker:** Francesco Porpiglia. *Vtrek, The Netherlands*

	<b>Question</b>	<b>Answer</b>
<b>18.</b>	<p><b>How is the VC involvement envisaged in the Prevent PCP project? Is the consortium going to provide with certain VC companies? Are the suppliers going to provide with VC investors?</b></p>	<p>The Consortium will play a facilitator role on the VC activities, and not an integrator role.</p> <p>The steps taken so far - e.g., Open Market Consultation - in the Prevent PCP project suggest that VC involvement is likely to happen after Phase 2. In this regard, the Consortium is considering forthcoming activities, such as matchmaking events. For more information please see: <a href="https://prevent-pcp.eu/">https://prevent-pcp.eu/</a></p>



**Type of investment and support to entrepreneurs. Successful experiences of VC. Concrete examples**

**Speaker:** Fannie Delavelle. *BPI France*

	<b>Question</b>	<b>Answer</b>
19.	<b>For BPI, funding is provided through loans but at which rates, does it match the WB for countries long term loans, commercial loans? I.e., are these loans competitive enough compared to other sources</b>	Yes, the loans of BPI are more than what the private sector has to offer. The rate is decided on a case by case basis, depending on the company's situation
20.	<b>Does BPI have matchmaking programs between the private companies and the public sector?</b>	Not exactly BPI, but in France there is an organisation focusing on this. At European level they follow these activities via EU Equity.