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PILLAR 3

Session 3.3

Promoting an integrated ecosystem for funding and private investment in businesses through a range of custom-made financial instruments

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“In the next decade, the EU should be home to leading companies (e.g. 1/3 of the leading global companies should come from Europe) in major areas for breakthrough and deep tech innovation such as AI, biotech, and augmented/virtual reality”

- Europe develops world class science, research and technologies but is less effective in translating them into successful commercial applications.
- Young innovative companies in Europe face a very significant challenge of access to appropriate growth and scale-up financing resources already at early-stage, when they seek financing to fit their initial technology to market and design a working product.
- Obtaining follow-on “growth” financing is even more challenging for those companies who go on to validate the market potential of their technological solutions.
- For deep tech and highly innovative companies, which are characterised by high capital intensity, high technology risk, high regulatory constraints, and long development periods, the funding gap issue is even more burning.

- The combination of these factors requires a different risk/return calibration and a type of “patient” investor willing to take on this level of risk for a longer period.
- The European Innovation Council (EIC) can offer a solution if it succeeds to comply with the following key success factors:
 - Provide additional capacity to the existing ecosystem;
 - Ability to factor in market and business logic already at early stage;
 - Ability to partner up with early stage innovation financing ecosystem, and build capacity and risk appetite for potential (co-)investors at later stage;
 - Ability to connect to “downstream” instruments (such as InnovFin, EFSI, Horizon Europe and InvestEU);
 - Speed of implementation, flexibility, scalability;