POSITION PAPER

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european
association
of

innovation
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EIC Accelerator
Evolution or Revolution?

Feedback from the June 2021 cut-off

The EIC Accelerator has become the largest, most popular and most competitive public funding scheme for deeptech start-ups in Europe: the European Commission just announced that a new wave of 65 innovation champions selected for funding while 3,700 companies had applied to the first step of the selection process by August 2021.

The sheer volume of applications creates an enormous challenge for the European Commission: designing and managing an efficient evaluation process to select top applicants, among thousands of applications, in a reasonable timeframe.

In the Horizon 2020 work programme, EASME was able to implement a two-step selection system (written evaluation + interview) that could evaluate over 4,000 proposals in 4-6 weeks and provide applicants with their results within 6-8 weeks. However, applicants often complained about the variability of the process, which could generate score differences of ±1.5 points over several deadlines for a virtually unchanged proposal. The scoring system was at the core of the problem, as different evaluators may have different opinion of what an excellent score is supposed to be. Adding to the problem, there was no limitation on the number of resubmissions, thus the number of applications kept growing over time, raising the bar needed to be called to interviews.

Horizon Europe has introduced major changes in the design of the EIC Accelerator:

- a new 3-step submission process (see previous EAIC white paper);
- a novel AI-based diagnostic tool;
- a new online application form;
- a fully redesigned evaluation workflow and scoring system.

The briefing note for EIC expert evaluators clearly states that the Horizon Europe EIC Accelerator is not like Horizon 2020 SME Instrument or even EIC Accelerator Pilot. In practice, it diverges on essential features such as the scope (funding "risky" but "bankable" companies), the EU added value of EIC support (competing on strategic technologies on the global scene), the type of funding offered (new "grant first" and "equity-only" instruments).

This position paper summarizes the return of experience of EAIC members from the first batch of applicants about the design and usage of the submission tool, so it can support a more efficient, accurate and transparent EIC Accelerator evaluation process.

The sample used includes data from 23 EAIC members totalling 324 Step 1 applications (8.8% of all applications submitted) of which 27 were funded after interviews (41% of all applications funded).

Summary

To improve the robustness of the evaluation process, the EIC made significant changes to the EIC Accelerator submission process in 2021.

The new format proved to be successful in filtering out proposals that are not a good fit for the EIC Accelerator through Step 0 (diagnostic) and Step 1 (short proposal). This consequently improved the quality level of Step 2 applications, while unsuccessful applicants were recommended programs that may suit their proposals better instead of attempting to resubmit their application many times over.

The new format also generated certain criticisms mainly because it might lead the EIC to miss out some real innovation champions due to technical evaluation errors. In order to cope with the issue of "false negatives" and to improve the selection process further, the EAIC has put forward a series of recommendations, some of which are already being implemented already by the EIC:

- Add simple control questions to the evaluation form to ensure proper understanding of the selection criteria, and implement a specific quality control process for cases awarded 8 "GOs" out of 9;
- Add a "print to pdf" function for online form, as well as an improved table of content with hyperlinks in order to get a more comprehensive view, including hidden or collapsible fields, and improve the navigation throughout the document itself;
- Make sure the evaluators' background is relevant to the topic and their workload is within reasonable limits

The data from the survey also demonstrated that, while the application workload is now 2.5x what it was in 2020, our members were able to achieve a success rate 3x above the average.

Background

The EIC Accelerator has become the flagship funding scheme/ investment programme of the European Commission for deeptech start-ups/scale-ups and SMEs. Following a pilot phase in 2019-2020, the EIC Accelerator programme launched officially under Horizon Europe on March 18.

As of August 2021, the European Commission has received 3,700 Step 1 applications:

- of which 2,300 were approved by Step 1 evaluators (62% success rate);
- of which 801 were submitted in Step 2 in June;
- of which 132 were approved by Step 3 evaluators (16.4% success rate);
- of which 65 will be funded by the EIC (49% success rate) with €363M awarded.

The success rate for the June cut-off is therefore close to 5%, which is similar to the success rates observed at the beginning of the EIC Accelerator Pilot. However, the backlog created by successful Step 1 proposals that have yet to be submitted to Step 2, combined with the resubmission of unsuccessful Step 2 applicants, will increase the number of submissions over time, as already seen in the October cut-off.

This is still significantly above the success rates observed in the later part of the EIC Accelerator pilot, when the number of resubmissions was not limited.

Three main factors have contributed to the success rate uptick:

- The self-diagnostic (Step 0) filtered out a large number of companies that decided not to submit Step 1 based on the poor results generated by the AI-driven diagnostics tool;
- The complexity of the application process has also driven away opportunistic applicants, that were simply trying to repurpose a standard grant application without really providing a deep business-plan analysis;
- The new programme only allows for 2 submissions, which means applicants do not try to resubmit as fast and as often as they can to avoid the cooling-off period.

From this perspective, it is clear that the new application and selection process are a success, as the purpose of Step 0 (diagnostic) and Step 1 (short proposal) proposals has been to filter out proposals that are not a good fit for the EIC Accelerator. We estimate that up to 75% of all applicants dropped out of the process after Step 0 or Step 1.

Consequently, the quality level of the Step 2 application has increased, with 16% of the applicants selected for interviews. In the meantime, unsuccessful applicants have been recommended programs that may suit their topic and level of innovation better, instead of consuming EC evaluation resources in an attempt to resubmit their application indefinitely.

However, we have also observed specific limitations that warrant further attention.

New evaluation process: possible further improvements

Step 2 requires applicants to submit a full application. Only applicants that receives an "ALL GO" from the 3 remote evaluators are invited to interviews. This means, in practice, that any of the remote evaluators has a veto right on the proposal: if the evaluator rates the application as "NO-GO" on any of the 3 evaluation criteria, the proposal is rejected.

This approach carries the risk of preventing some innovative companies from meeting the panel of jurors ("false negatives"), in particular in cases where:

- The remote evaluator is not familiar with the new scope of the EIC Accelerator;
- The remote evaluator has been incorrectly allocated to a field he does not fully understand;
- The remote evaluator does not allocate sufficient time to find the correct information in the new application form.

An internal survey among EAIC members (see Appendix) showed that remote evaluators are not yet all familiar with the new process, the platform, the work programme, the official guidelines and key clarification papers like the briefing note released by the EC over the summer.

The most common errors observed in the June cut-off were:

- Evaluator unable to find critical information although it has been correctly submitted in the application (e.g., FTO analysis, IPR details, full go-to-market analysis);
- Evaluator misunderstanding the scope of the EIC Accelerator (e.g., discarding applicants who "can't compete" with their US/Asian counterparts in strategic technologies, because they "can't raise sufficient funding in Europe");
- Evaluator down-scoring the "novelty" of the technology in equity-only proposal dedicated solely to scaling;

- Evaluator unfamiliar with new instrument types (e.g., requesting to see a grant-related work package in an equity-only case, or a TRL9 work package in a grant-first case);
- Evaluator expecting quantification of green impact in open call proposals;
- Evaluator unaware of that 1 "NO-GO" alone would lead to the rejection of the case.

We are aware of cases rejected for only 1 "NO-GO" (out of 9) in the area that did not satisfy one of the evaluators, although the evaluator's judgment was technically incorrect, and even though some of the evaluators believed the company could clarify this point in interviews.

See below an illustration of the last point outlined by the parody Twitter account @ai_eic

In an attempt to mitigate this, the EIC has introduced an in-built rebuttal process in the second (and final) resubmission attempt. This gives the applicant an opportunity to 1) update their proposal to address any weakness spotted by the evaluators and 2) address any evaluation statements that they do not agree with. The intention is that an applicant should never be able to move "backwards" in the process: awarded "GOs" should essentially remain as is and adequately addressed "NO-GOs" stand a chance of becoming "GOs".

This evaluation process is in stark contrast to the Horizon 2020 process where scores between resubmissions could sway +/- 1.5 points.

It is not yet possible to evaluate the impact of such approach as the results of the October cut-off are not known, however, going forward, we see the following possible improvements:

- Add simple control questions to the evaluation form with would, which would not be treated as evaluation criteria, but serve as a means to confirm the evaluator's opinion (did the applicant provide an FTO? Y/N, do you think this case should proceed to interviews? Y/N);
- Implement a specific quality control process for cases awarded 8 "GOs" out of 9 (about 15% of the cases submitted by our members) where EISMEA could pinpoint the factor that led to the "NO-GO" and verify that it was not related to a technical misunderstanding of the remote evaluator.

New submission process: possible further improvements

There are also a few improvements that can be made to the platform itself, in order to help both applicants and evaluators navigate the application.

So far, the business plan generated from the applicant's input has only been available to the evaluators in an online format that requires scrolling down a document, and clicking tabs to uncover data in several subsections in the proposal. This introduces a risk of missing key information.

For example, the section pictured below relates to the different phases of the go-to-market strategy. The evaluator cannot get the full picture unless he or she clicks on the 6 different tabs, and will not be able to "screen print" all the data in this section for offline review.

The EIC is working on a function which will allow a pdf to be generated from the business plan, and we welcome this solution. Allowing the applicant to proof-read the actual text which will be read by the evaluator, will also help applicants to better structure the proposal in terms of deciding on the order in which certain information is shared. Going forward, we see the following possible improvements:

- Enable a "print to pdf" function that capture all the data entered in the proposals (including hidden or collapsible fields);
- Enable a more ergonomic table of content with hyperlinks (as the current menu banner is cumbersome to operate);
- Relax the current requirement of "1 final deliverable per task" (which generates significant overhead during the project phase) but clearly communicate to the evaluators that deliverables might be visible in the final task of the work package (only visible when you click through tasks);
- Remove the hard-coded allocation of equity-funded task to TRL9 (as this introduces errors in projects that use equity for TRL5-8 activities and gives rise to misleading milestones).

Expert allocation: possible further improvements

The initial allocation of experts in June was based on two steps:

- Experts are presented with a subset of proposals based on basic keyword matching;
- Experts can then assign themselves to step 2 cases (with a limit of four concurrent cases) in a "first come first serve" approach.

This led some experts to try and maximize the number of evaluations they could conduct, sometimes "churning" more than 2 cases per day, although they are supposed to allocate around half a day to each.

The EIC corrected this in October by introducing a limit of two Step 2 concurrent cases per day, which matches exactly the time the expert is supposed to spend.

However, to ensure that evaluators matched with specific projects are in fact experts in their field, we propose background checks of evaluators.

Instead of a first-come first-serve approach to assigning applications for remote evaluation, evaluators could select projects they were interested in, but would be assigned these cases only if 1) their background would be relevant to the topic and 2) their workload concerning evaluations was within reasonable limits.

The EIC has currently limited evaluators to taking on 100 cases per year, but a small number of evaluators have almost reached the limit already, attempting to go through as many cases as possible, in as little time as possible. This leads to mis-matches between areas of expertise and topics of applications and poses a large risk of generating suboptimal reviews.

Feedback given by copy/pasting sections from the proposal provides very little value to the applicants and to the EIC. The EIC is currently working on using AI to assess the quality of evaluations, and we welcome these new features to ensure a higher quality of evaluation.

Conclusions

The EIC faced the daunting challenge of introducing a brand-new submission and evaluation system in an IT infrastructure that is not known for its agility. The new system was developed and deployed in less than 6 months, and despite initial teething problems, has proven very stable.

The new format is indeed a "revolution", as it has taken aback applicants and consultants who still operated under the mindset of the old programmes, and elicited a number of criticisms. However, it is evident that, based on the submission numbers and success rates, the new Step 0 and Step 1 have been able to filter out proposals that are not a good fit for the EIC Accelerator, thus saving significant effort and costs for both the EC and the applicants.

The issue of "false negatives" (even at interview stage) remains, but we are convinced that the minor improvements recommended in this paper can go a long way in reducing the risk of missing out real innovation champions for technical evaluation reasons.

Appendix – EAIC Members survey data analysis

The European Association of Innovation Consultants (EAIC) conducted the first European-wide survey of consultancies involved in supporting EIC Accelerator applicants. The survey was conducted anonymously and collected 23 responses from its international members:

As of September 2021, the 23 EAIC members have submitted, on behalf of their clients:

- 324 Step 1 applications (8.8% of all step 1 applications submitted);
- of which 316 were approved by Step 1 evaluators;
- of which 173 were submitted in Step 2 (21.6% of all step 2 applications submitted);
- of which 41 were selected for interviews (31.5% of all applications in interview);
- of which 27 cases were funded after interview (41% of all applications funded);
- and 10 cases were funded directly by SERI without interview.

Success rates observed among our members is significantly above the average:

- Step 2 success rate = 96% (vs 62% average);
- Step 3 success rate = 24% (vs 16.5% average);
- Step 4 (interview) success rate = 66% (vs 49% average);
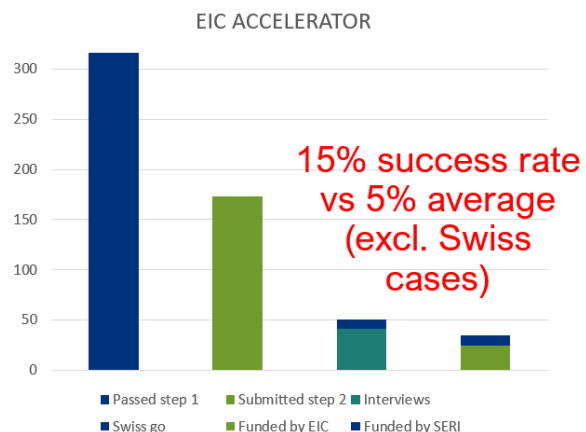- **aggregated success rate = 15% (vs 5% average) - excluding Swiss cases.**

Applications accompanied by EAIC members:

How many of these successful short applications (step 1) did you submit as full application (step 2) in June?

How many of these full applications were invited to interviews?

How many of these full applications received an "all go" but could not be invited to interviews (Swiss cases)?

How many of these full applications were funded by the EIC (or by SERI in the case of Swiss cases)?

EIC ACCELERATOR

15% success rate vs 5% average (excl. Swiss cases)

Passed step 1 ■ Submitted step 2 ■ Interviews
Swiss go ■ Funded by EIC ■ Funded by SERI

Effort required to complete and EIC application:

Our members estimated that the effort required to complete an EIC Accelerator application (Step 1 + Step 2) is now 2.5 times greater than what was required in 2020, during the pilot phase. In fact, 71 companies contacted them between step 1 and step 2 to request application support.

Overall, how would you rate the effort required to fill an EIC Accelerator step 1 + step 2 application in comparison to the EIC Accelerator pilot in 2020? (100% = same effort, 200% = 2x effort, 300% = 3x effort, etc.)
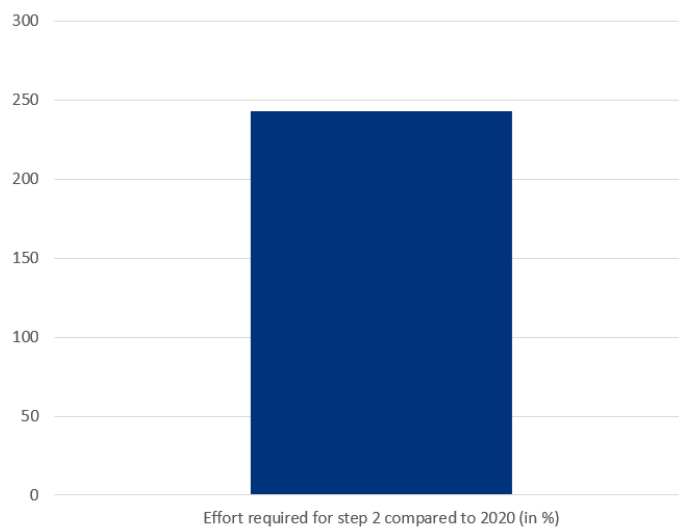
Effort is now 2.5x what was required before

Effort required for step 2 compared to 2020 (in %)

Most common mistakes observed by EAIC members :

Our members and their clients observed mistakes in the evaluation summary report, of which more than 50% can be attributed to the difficulty for the evaluator to find the right information in the new application tool.

What was the most common mistake that you have detected?

Other
Clearly didn't have the knowhow
Supposed CoI / minor issues raised / ignored information
Not enough applications rejected
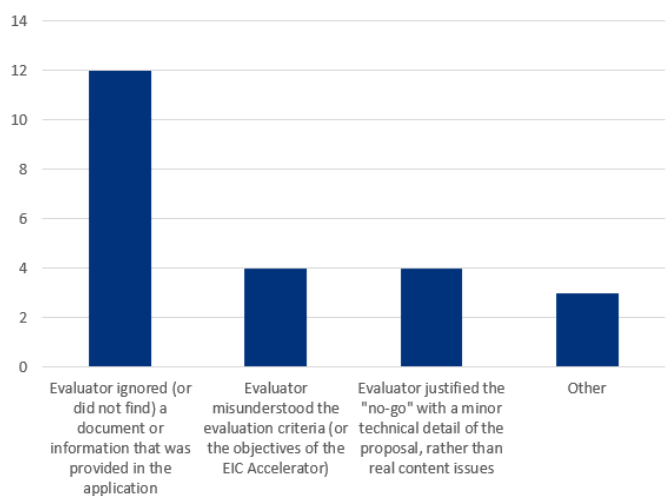
In over 50% of the cases, those errors seem to be related to the evaluator unable to find the information in the form

Evaluator ignored (or did not find) a document or information that was provided in the application

Evaluator misunderstood the evaluation criteria (or the objectives of the EIC Accelerator)

Evaluator justified the "no-go" with a minor technical detail of the proposal, rather than real content issues

Other