



EIT GOVERNING BOARD CONTRIBUTION TO THE EU STARTUP AND SCALEUP STRATEGY: DELIVERING FURTHER PAN-EUROPEAN IMPACT

INTRODUCTION

The European Institute of Innovation & Technology (EIT) is committed to driving Europe's competitiveness through innovation and entrepreneurship. As a key enabler of the European innovation ecosystem, the EIT strongly supports the European Commission's development of an EU Startup and Scaleup Strategy, recognizing its crucial role in fostering economic growth, job creation, and solutions to pressing societal challenges. Significant obstacles continue to hinder European startups from reaching their full potential. This document outlines key issues, proposes concrete recommendations, and highlights how the EIT and its Knowledge and Innovation Communities (KICs) can help to overcome these challenges and achieve the Strategy's objectives, ultimately creating a more dynamic and globally competitive European innovation landscape.

KEY ISSUES HINDERING STARTUPS AND SCALEUPS

The experience of the EIT KICs in the field allows the EIT Community to identify the major issues related to Startups and Scaleups in Europe:

1. **Fragmented Access to Capital:** Startups struggle to navigate a complex and often nationally-focused funding landscape. Europe faces a limited VC pool, leaving a critical financing gap for scale-up phase companies. This is echoed across sectors, highlighting the need for more accessible and tailored funding mechanisms. Additionally, widening disparities are still relevant and underrepresented regions and demographics have even more limited access to capital, thus preventing to unleash the real Innovation potential of Europe.
2. **Regulatory and Bureaucratic Burdens:** Navigating diverse regulatory landscapes at EU level and across Member States creates significant hurdles. EIT KICs report the substantial regulatory and bureaucratic obstacles in their sector, compounded by regulatory fragmentation. This complexity increases costs and delays market entry, particularly for startups lacking the resources of larger companies.
3. **Limited Access to Markets:** While the Single Market aims to provide seamless access, startups often face challenges in reaching customers in markets across Europe. As an example, EIT Food notes that agri-food startups face additional hurdles due to specific regulatory obstacles and a



perception of the sector as less attractive to investors. This highlights the need for targeted support to overcome sector-specific market entry barriers.

4. **Skills Gaps and Talent Shortages:** Accessing and retaining the right talent is a cornerstone of success for any startup or scaleup, yet European ventures face a complex landscape of challenges in this area. Skills gaps, particularly in deep tech and emerging technologies, create a scarcity of qualified candidates. The lack of entrepreneurial skills and lower risk acceptance further limit the growth of the startup ecosystem. Startups and scaleups require highly specialised skills mixed with entrepreneurial skills, especially related to business and sales. Overcoming these hurdles is essential to building a dynamic and competitive workforce capable of driving innovation and growth.
5. **Gender gap in investments in European Startups:** Only 14% of deep-tech startup founders in Europe are women, and they get access to 11.4% of total funding available. However, grants and support programmes represent almost one-third of this funding. Other fund suppliers, such as business angels and VCs, are less likely to fund a startup with a woman in the founding team. This means there is an enormous untapped potential of female innovators and entrepreneurs. These findings, presented by the Women Founders in European Deep Tech Startups Study, are insightful in illustrating the current gender finance gap in investments in European deep-tech and the challenges that women founders face to access the adequate sources of funding to grow their businesses.
6. **Lack of Expertise in Intellectual Property (IP):** IP protection is a cornerstone for startup success, driving competitive advantage, attracting investment, and fostering sustainable growth. However, EU startups often struggle to fully leverage IP due to a pervasive lack of awareness and expertise. Beyond the costs and complexity of securing patents and trademarks, many European founders lack a deep understanding of IP strategy, management, and commercialization. This knowledge gap hinders their ability to identify and protect valuable innovations, navigate licensing agreements, and effectively enforce their rights. This, coupled with the challenges of accessing IP from research institutions and the fragmented nature of the EU market, creates a significant disadvantage for European startups compared to their global counterparts, ultimately limiting their potential for innovation and market leadership.
7. **Siloed Innovation Support and Ecosystem Fragmentation:** While Europe boasts a wealth of research, innovation, and support programs, these often operate in silos, hindering startups' ability to navigate the landscape and access the resources they need. The EIT KICs are designed to address this, but further integration with other European instruments and enhanced collaboration among Member States is crucial. During their early stages, startups are particularly vulnerable and require streamlined, comprehensive support. A lack of coordination across Member States creates an uneven playing field, while misalignment of EU-level instruments limits their collective impact.



This fragmented approach prevents startups from efficiently accessing the knowledge, expertise, and funding necessary to scale their innovations.

KEY RECOMMENDATIONS BY THE EIT COMMUNITY FOR FURTHER ACTIONS

1. Increase Access to Capital for early stage startups

- **Enhance Early-Stage Support through Sector-Specific Funding Models:** The EIT's KICs provide tailored support programs that address the specific needs of startups in different sectors. However, kickstarting new industrial champions requires **upfront capital in the very first year**, ahead of incorporation and seed round. Today, the EU and most of its Member States lack sufficient tools to support directly greenfield industrial startups in very early stages, when they need it the most and when risk is highest. Neither the European Innovation Council, the European Investment Bank, nor a new Innovation Fund seem equipped to support startups at these early stages, tending to prioritize more mature applicants or those with technological innovation over business model development innovation. Moreover, besides the financial support, startups at this early-stage benefit most from being part of supportive innovation ecosystems. The EIT proposes to run an “**EU Kickstarter scheme**” dedicated to expanding its toolbox of pre-seed financing of industrial startups, when they face the highest level of risk to their success. The grant to EIT KICs will be used for inception of new companies and seed investment. The grant would be repaid or reinvested when the startup is successful and reaches a certain level of maturity, for example a series B round. These initiatives should be designed to address the unique challenges and long development timelines of specific sectors, providing early-stage capital and de-risking investments. The EIT, with its KICs, is ideally positioned to design and manage these sector-specific funding programs, leveraging its deep understanding of industry needs and its network of investors.
- **Boosting Regional Innovation to close the innovation gap across the EU:** The EIT's Regional Innovation Scheme (RIS), focused on moderate and emerging countries in terms of innovation capacity, is a proven instrument that is effectively reducing Europe's innovation divide. The EIT proposes evolving the RIS into the **European Regional Innovation Booster**, to support 75 startups per Business Plan three-years cycle, each aiming to raise at least €5M in external investment and/or register annual sales of at least €250,000. This evolution will prioritize a country-by-country implementation approach, enhancing geographical spread and balance while ensuring that local structural weaknesses do not impede EIT support. The initiative is being pre-piloted in one country in 2025 and will extend to 4 additional countries in 2026. Place-based support, delivered through EIT Community Hubs in close collaboration with national authorities, will be strategically targeted to the most pressing thematic areas identified in Regional Innovation Smart Specialisation Strategies (RIS3). Support will be highly customized to the needs of each venture and co-designed with local authorities to ensure complementarity with existing national and EU initiatives, including the Regional Innovation



Valleys (RIVs). Furthermore, the Booster will facilitate seamless integration with other EIT Community initiatives and provide assistance in accessing additional support beyond the EIT, such as investment from the European Innovation Council (EIC) and the European Investment Fund (EIF), as well as other public and private investors. The emphasis will be on providing in-depth support to the most promising early-stage ventures within the EIT RIS regions, guiding them towards these larger funding opportunities. Additionally, the EIT recommends to scale up its already existing **JUMPSTARTER** flagship program by doubling its budget, targeting the creation of 50 startups annually (compared to the current target of 20) and aiming to register €20M investment raised annually by EIT Jumpstarter alumni startups. This scheme will allow also to increase the success rate of EIT supported companies in the EIC accelerator beyond the 15-20% of EIC accelerator companies that received earlier support by the EIT. It will especially increase the success rate in the EIC of startups from widening countries.

2. Regulatory and Bureaucratic Burdens:

- **Create regulatory sandboxes platforms for startups and scaleups to test solutions:** EIT KICs can participate in the piloting of regulatory sandboxes - platforms for startups and scaleups to test innovative solutions within a controlled regulatory environment could spur and accelerate innovations. The EIT KICs are uniquely positioned to test the successful implementation and operation of regulatory sandboxes across the EU, acting as vital intermediaries between startups, regulators, and policymakers. Their sector-specific expertise, extensive networks, and proven track record in fostering innovation make them ideal catalysts for creating effective and impactful sandbox environments. They can facilitate collaboration with regulators, design and manage sandbox environments, provide technical expertise and support, disseminate best practices, policy input and contribute so that successful sandboxes translate into effective legal frameworks.

3. Limited Access to Markets:

- **Leverage the EIT KICs as collaborative Innovation Hubs:** The success of startups and scale-ups heavily depends on the local and pan-European ecosystems that provide essential support, mentorship, and industrial customers. The importance of ecosystems and communities needs to be strongly recognized as engines of growth and development for startups and scaleups. Connection to such sector-specific communities provides B2B commercial opportunities for startups, promoting their innovation to established pan-European leaders within the KIC. These relations may also lead to M&A situations, providing much needed liquidity to VC funds when the established leader eventually acquires the startup. With a robust local presence across Europe and beyond, the EIT connects entrepreneurs, industry leaders, academics, and researchers into a **collaborative pan-European network**, helping to overcome barriers in the EU's fragmented innovation landscape and facilitating the attraction of private capital. The EIT demonstrates one of the highest leverage effects in Horizon Europe, with EIT KICs achieving a



leverage ratio of 5.6. To fully realize their potential, the EIT KICs should be further leveraged as **innovation hubs that effectively integrate public funding with private capital**. This would grant startups access to shared infrastructure, technical expertise, and market insights. The **EIT aims to support at least 250 additional startups annually while working towards expanding the network of EIT Community hubs** to encompass all EU Member States and beyond.

4. Address Skills Gaps and Talent Shortages:

- **This issue is addressed through the EIT's contribution to the Union of Skills and STEM Education Strategy. Beyond the existing commitments under this programme, the EIT can support the skilling of founders and capacity building of those supporting startups:** EIT's education and training programs go beyond traditional academic curricula, focusing on practical, hands-on learning that equips individuals with the specific skills and entrepreneurial mindset needed to thrive in the fast-paced startup environment. Around 10% of the >800 000 EIT Alumni are already startup founders or employees, and many more will create startups later in their careers. Also, the HEI Initiative, focused on universities innovation capacity building, has supported the creation of over 100 startups and supported 1,700 startups. Meeting Europe's increasing need for skilled entrepreneurial talent will be achieved by consolidating and scaling the EIT's existing education and skilling programmes into the **EIT Innovation Campus**, a coherent portfolio of coordinated education initiatives focused on boosting Europe's workforce Innovation and Entrepreneurship capabilities, from secondary schools, through universities and up to adult learning. EIT KICs will further enhance their support to Venture Building, by scaling and expanding to other KICs initiatives like support the transition from research to practical innovation, providing funding, mentorship, and other resources to help startups develop and validate their products and services.

5. Gender gap in investments in European Startups:

- **Foster a more inclusive and equitable startup landscape across Europe:** by addressing these disparities, the Deep Tech sector can better harness the full potential of Europe's diverse talent, driving innovation, growth, and competitiveness on a global scale. Gender bias in investment makes it crucial to support women-led startups at the early-stage. Those first investors are invaluable for founders, particularly for entrepreneurs developing solutions for major global challenges, where societal impact is as essential as commercial success. Europe must scale up programmes such as the **EIT SUPERNOVAS**, bringing women talent both to European startups, and to European investment, through Women Investment Network. The pivotal support provided to women-led ventures includes funding, access to markets, clients, thematic expertise, and partnerships. By 2028, the EIT plans to have 500 women participate



in EIT SUPERNOVAS entrepreneurship and investment education programs, support 50 startups, and attract €40M in investment.

6. Lack of Expertise in Intellectual Property (IP): IP protection

- **Empowering Innovators Through Enhanced IP Support:** the EIT will forge stronger collaborations with the European Union Intellectual Property Office (EUIPO) and the European Patent Office (EPO), creating a comprehensive and innovation-focused IP support system for startups, scale-ups, SMEs, and learners within the EIT Community. By leveraging the EUIPO's expertise in trademarks and designs and the EPO's strength in patents, the EIT aims to establish a complementary knowledge and service offering that supports the full IP lifecycle. This collaboration may include co-developing tailored guidance and case studies, integrating co-branded IP training modules into EIT programs, and coordinating outreach activities aligned with key EIT KIC initiatives like Jumpstarter, Supernovas, the Deep Tech Talent Initiative, and the EIT Campus. Furthermore, the EIT, EUIPO, and EPO will explore interoperability between their respective tools and platforms, such as the EUIPO's SME Fund services, the EPO's Deep Tech Finder, and EIT innovation tools, to ensure user-friendly and impactful services that empower Europe's most promising innovators to effectively protect and leverage their intellectual assets.

7. Siloed Innovation Support and Ecosystem Fragmentation:

- **Creating a Coherent Innovation Journey for Startups and Scaleups: A European "Backbone" for the Integrated Innovation Funnel** - to maximize the impact of the European innovation landscape, a common framework is needed to connect the three key areas of the integrated innovation funnel: 1) Generation of ideas and excellent research results (e.g., ERC, MSCA, Erasmus+, European University Alliances), 2) Valorisation of knowledge, research and innovation, startup creation and support, sector-specific ecosystem connection and skills development (EIT, European Partnerships), and 3) Innovative company scale-up and growth through financial support and investments (EIC, EIF & EIB). This framework requires a commitment from all current programs, including the EIT, to simplify and adjust their processes to effectively deliver on both their mandates and synergies, to maximise opportunities for European innovators from idea to scale-up in all sectors. Also, European corporates and public organizations are in general more hesitant and restrictive to work with new suppliers, especially startups, than the international counterparts in the US and Asia. The EIT has found a way to strengthen the path for startup innovation and transfer from universities into established organizations by building trusted relationships and permanent exchange about joint opportunities from collaboration to invest to M&A as key components of the EIT knowledge and innovation communities (KICs).



CONCLUSION

The EIT is uniquely positioned to be a catalyst for the EU Startup and Scaleup Strategy, leveraging its integrated model to address the systemic challenges hindering European startups. By scaling successful sector-specific funding initiatives, acting as a catalyst for regulatory sandboxes, cultivating a skilled talent pool, leveraging its KICs as innovation hubs, and boosting regional innovation, the EIT can help to unlock the full potential of European startups and drive sustainable economic growth. The EIT Governing Board reaffirms its commitment to collaborating with the European Commission, Member States, and stakeholders to implement these recommendations, ensuring that Europe's most promising ventures have the resources and support they need to thrive and lead the way in addressing global challenges.