

Bolstering Europe's
innovation ecosystems:
Research, creativity and
co-creation

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Introduction

Innovation is crucial not only for Europe's global economic competitiveness but also for the sustainable advancement of our societies and cultures, for the health and wellbeing of our citizens, and for the protection of our environment. Our public policies must aim to untap Europe's innovative potential, both through sufficient public expenditure on research and innovation (R&I) by stimulating private investment, and through setting the right conditions for innovators to scale up and succeed in Europe.

The prerequisite for innovation, invention and creativity is knowledge. Generating knowledge is what makes universities a critical part of the innovation ecosystems. Along with carrying out research and educating students, they provide trusted environments and infrastructures in which researchers, industry, governments, and citizens can explore the application of new ideas, which can lead to the creation of new markets.

We call for a bold EU innovation policy that fosters new knowledge and increases the transferability of research results into innovations in the most appropriate and effective ways. It should contribute to improving the interface between all actors

of the 'quadruple helix' of innovation: universities, businesses, the public sector, and civil society. It should do so by expanding human capital, enhancing understanding between partners, and eradicating the cultural, systemic and bureaucratic barriers to innovation in Europe. EU policy should embrace the full innovative potential of universities, and move beyond the recommendation of the independent High-Level Group of Innovators¹ to merely facilitate the exchange of best practices between universities in the field of technology transfer.

The Guild makes the following recommendations to stimulate innovation through the EU's ninth Framework Programme for Research and Innovation (FP9):

- 1. We welcome the creation of the European Innovation Council (EIC) with its ambition to bring about a step-change for innovation in Europe.**

Through the EIC, the EU should focus on creating European added value across innovation ecosys-

¹ European Commission, *Europe is back: Accelerating breakthrough innovation. Full set of recommendations from the Independent High-Level Group of Innovators on establishing a European Innovation Council*, 24 January 2018, <https://goo.gl/D6RvPd>.

tems. In particular, it should ensure that actors in these ecosystems, including universities, play an active role in the governance of the EIC.

At the same time, we would like to point out three preconditions for the success of the innovation policy that should be fulfilled along with the establishment of the EIC:

a. Increase funding for collaborative research at low technology readiness levels (TRLs).

We call for more support for collaborative research at low TRLs as well as for strengthening the instruments that help researchers across Europe find ways to translate the new knowledge they produce into market-creating innovation.

The ERC's Proof of Concept scheme and the Future and Emerging Technologies' (FET) Innovation Launchpad should inspire flexible and easy-to-access Proof of Concept grants in FP9, available across the entire portfolio of funding instruments, including in the newly proposed missions-based approach.

We call for schemes that make it easier and quicker for SMEs to secure match-funding for Proof of Concept projects. This could be achieved by offering standard, pre-negotiated grant and venture capital (VC) investment packages, as has been recently piloted in the UK. The Guild is willing to collect examples of best practice and make further recommendations to the EIC.

b. Improve links between new knowledge and private investment.

The EIC must provide a new translational fund, the scope of which will go beyond the Proof of Concept: it is necessary to enable university-industry interchange and foster partnerships by helping researchers (and students) acquire the expertise for translating their new ideas into successful business propositions, creating effective valorisation strategies and conducting the right technology and risk evaluations. Such a fund should function in synergy with existing local and regional innovation funds.

We call for the EIC to incentivise European venture capital – and other investment funds, including business angels – to fund projects appropriately, up to the sums needed. The European Fund for Strategic Investment could underwrite some of

the venture capital's outlay, provided that the VC provides full funding rather than part funding.

c. Support all types of innovation, including social and cultural innovation.

We call for FP9 and the European Innovation Council to support the innovative potential of all disciplines, including the Social Sciences, Arts and Humanities (SSH), recognising the importance of the social and cultural advancement of Europe's societies. The EIC should support SSH scientists in finding new pathways to economic and social impact, and encourage them to articulate ways in which the impact of their research could be translated to innovation.

2. The support of innovation ecosystems through the European Institute of Innovation and Technology (EIT) must be open, cost-effective and scalable.

The EIT's mission to provide scalable support to the 'knowledge triangle' by bringing research institutions, universities and companies together to create innovative solutions to societal challenges, is more valid than ever. We welcome the EIT's openness to the debate about its future, and its constructive response to the European Court of Auditors' report² and to stakeholders' recommendations. The purpose of the EIT should be further examined in relation to the newly formed European Innovation Council and the soon-to-be European university networks, in order to maximise effectiveness and avoid duplication.

We agree with the Commission's midterm review of the EIT: a sustained effort is required to integrate the Knowledge and Innovation Communities (KICs) with local innovation ecosystems and to improve their scalability.

Regarding the KICs' capability to create novel teaching and learning models in university education across Europe, we propose that they focus on developing toolkits for education that foster entrepreneurship and innovation skills. The toolkits should have a matching brand that could be applied locally, with decentralised funding enabling a

² European Court of Auditors special report, *The European Institute of Innovation & Technology must modify its delivery mechanisms and elements of its design to achieve the expected impact*, 14 April 2016, <https://goo.gl/t7kQgQ>.

wide range of universities to become more involved across Europe.

We strongly support a further decentralisation of the Institute. This should be aimed at easing the administrative burden without hampering universities' ability to establish partnerships with businesses and other actors on the European level. Grants awarded to local innovation hubs around particular topics could enable each university to support its regional 'knowledge triangle' according to its context. In such a setting, the EIT's function would be to (1) support excellence in innovation wherever it exists, (2) establish common standards and prizes, and (3) connect centres that exhibit a high level of scientific excellence around particular themes. It is critical that this function is aligned with the EIC's mission to foster excellence in innovation throughout the innovation ecosystems.

3. Support Open Innovation (OI) to encourage more exchange and co-creation of ideas wherever appropriate, and to enable the sustainable participation of all actors in innovation ecosystems.

FP9 should build on the range of flexible funding instruments already available to support OI through collaboration between all actors of innovation ecosystems, including universities. Universities also have a crucial role in training innovators, and this role must be strengthened in a scalable way through the EIC.

Open Innovation, as framed by the European Commission, is "the outcome of a complex co-creation process involving knowledge flows across the entire economic and social environment".³ It is important to ensure that as the OI concept evolves (not least through practice), the funding instruments to support it remain flexible, and that all actors in innovation ecosystems share a common understanding of OI.

4. Europe's regional innovation performance should be strengthened by making universities more actively involved in the Smart Specialisation strategies.

It is pivotal that the R&I strategies for Smart Specialisation build on each region's capacity to produce knowledge and to innovate through the interplay between private and public actors, including universities. Therefore, universities must be involved from the outset in the design and implementation of these strategies, as institutions that provide knowledge, bring together researchers, students and citizens, and are often among the biggest employers in their respective regions.

³ European Commission report, *Open Innovation, Open Science, Open to the World: A Vision for Europe*, 30 May 2016, goo.gl/zLWe8t.



Rue du Trône 98
B-1050 Brussels
Phone +32 (0)2 2740 500
office@the-guild.eu
www.the-guild.eu
Twitter: @guildeu



Univerza v Ljubljani

