

## New Opportunities for Health Innovation Companies



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In mid-January, the European Innovation Council (EIC) and the European Institute of Innovation and Technology (EIT) signed a Memorandum of Understanding ([MoU](#)), which will work as a framework for supporting Europe's best entrepreneurs. HealthManagement.org talked to [Dr Kurt Höller](#), Director of Business Creation at EIT Health, about this new partnership and the opportunities it opens for health innovation companies in Europe.

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EIT Health, one of the largest healthcare initiatives worldwide, supports [promising health startups](#) through training, network-building, early-stage funding and project collaborations. EIC, on the other hand, is set to be the largest early-stage equity fund in Europe, and health is one of its priority areas. Both organisations are part of a wider EU innovation ecosystem under [Horizon Europe](#) as well as other initiatives, such as the [Digital Europe](#) strategy and the [European Research Area](#) among others.

"[T]he EIC and the EIT intend to work together to design and implement a fully-fledged systemic and structural cooperation, at both strategic and operational levels, whereby European innovators, innovative SMEs and startups, higher education institutions and research organisations should receive high-level support and services in order to deploy and scale their innovations faster and with greater impact," the MoU states.

Dr Höller, who has been personally involved in setting up this partnership, explains that even before the discussion on this had started, in many cases the two organisations followed similar paths. "After the EIT Health Summit in 2019, we flew to Brussels to meet Jean-David Malo, Task Force Director of EIC, to discuss a closer collaboration. Back then, about 25% of the companies that we had supported in one of our major programmes also had been supported by EIC, so there was huge overlap," Dr Höller says. It didn't mean, however, that both EIC and EIT focussed on the same aspects. Instead, they engaged with the same companies but provided them with different tools and instruments, EIC with financial support and EIT with education, funding and access to the network. EIC showed interest, so an idea of a pilot was conceived.

Initially EIT Energy, EIT Climate and EIT Digital KICs (knowledge innovation communities) were considered but then EIT Health also became part of the pilot. While eventually all eight EIT KICs have joined, especially for the four that ran the pilot this is "a huge opportunity", Dr Höller points out.

"We bring together, on the one hand, the methodology of the KICs, mainly focussing on networks, access to partners, education and, on the other hand, the funding that is available via both EIT and EIC," he explains noting that while EIC surely has access to good networks too, those are different from the main specific partnerships that EIT Health has.

### Triple Approach

There are three main directions of work. "First, we want to make sure we'll get some of the companies, supported financially through EIC, to EIT Health programmes," Dr Höller says, while EIT Health-supported startups should have access to EIC programmes. One example is Bridgehead, an EIT Health programme that helps 'build bridges' to new countries. That is, if a Scandinavian company wants to enter the French market, EIT Health connects it with a partner in France with well-established contacts in that country in terms of regulatory affairs, reimbursement programmes, or clinical expertise. This ensures the company has a smooth entry to that new market.

The second direction is creating a financing pathway. Dr Höller explains: "At EIT Health, we have an investor network, a crowdfunding platform,   
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and that helps companies get their first €5 million. Then, EIC has the blended financing together with the European Investment Bank, that goes up to €50 million. It might be very attractive to bring those companies into our [Venture Centre of Excellence](#) that we're running together with the European Investment Fund (EIF). Through that collaboration of private VCs, corporate VCs and with additional EU finding, we can easily leverage larger investments that round up to €60-70 million." Here, the complementarity of EIT Health and EIC is also evident, because the finance instruments of both organisations are not competing with each other and this second stream would allow to have one financing pipeline.

The third direction is fast-tracking the best companies between the two institutions. "The company that have already been vetted by EIT Health, should not start at the very bottom at EIC," Dr Höller stresses. "And vice versa, if there are companies vetted by EIC, then we should be aware of this and they should have an easier entry access into our programmes."

### Projected Timelines

Dr Höller hopes that EIT Health will be able to get selected EIC companies into its programmes very soon. EIC is currently looking into the EIT Health's proposal and should provide the final feedback in the coming weeks. Once the proposal is confirmed, EIT Health can start inviting companies from EIC into their own programmes.

The joint investment pipeline is "something that at a lower scale we can do very well manually", says Dr Höller. The top companies in the EIT Health investment network could get access to EIC blended financing and vice versa, but there are still some issues to be addressed, like the GDPR. "Exchange of information, even if it's between two European institutions, is just something we have to solve," Dr Höller admits. Individually, it is not very complicated. The organisation may simply make an offer to a company to set out "on the journey to other instruments at EIC", but if you want to do this on a larger scale, and especially if you want to have joint databases, that's a bit more tricky, he explains.

On the other hand, the joint fast track is something that needs to be developed. "I am already getting first questions from startups that heard about the fast track and now want to know how they can get into the EIC or EIT Health activities. That's something that we just have to build up, and it's not an easy task," Dr Höller says. There are complex tiered processes at both EIT and EIC "that have been created for a very good reason, and in order to bridge them we need to define a good mechanism that is compliant," he notes. Compliant not only with the GDPR but also quality expectations: "Imagine that whenever we pay out a price, we have to document every single step. We need to prove that it was the best offer among everyone who applied and that everyone *could* apply, as applications are also open throughout Europe." According to Dr Höller, upholding such quality expectations and quality assurance while fast-tracking the companies "where one can bypass another one" ensures that this bypassing is fair. "In the end, it's a fast track because quality has been proven already at the other institution," he stresses.

### What's Next?

The formal partnership between EIT and EIC can begin as soon as the submitted EIT Health proposal is approved by the EIC. The MoU itself is valid for the duration of Horizon Europe Framework Programme (2021-2027) and foresees revisions by the end of 2021 and at a regular periods thereafter. As Jan-Philipp Beck, CEO of EIT Health, has noted in a statement, "in today's landscape it is not enough to simply have the funds, you must have the know-how in order to bring a healthcare product to market". And this is exactly the aim of this new collaboration: to provide European innovators with quality support services to deploy and scale up innovations faster and with greater impact.

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