

# Request for Information

## Strategic Partnership in Entrepreneurial Investing

<b>RFI Date:</b>	28 September 2020
<b>RFI Management</b>	Capital & Investments Team
<b>Contact:</b>	<a href="mailto:transcap@climate-kic.org">transcap@climate-kic.org</a>

# 1 Overview

## 1.1 About Climate-KIC

EIT Climate-KIC is Europe's largest climate innovation initiative. Our mission is to leverage the power of innovation to build a zero-carbon, climate-resilient, just, and inclusive society. Established in 2010 and headquartered in Amsterdam, we orchestrate a community of more than 400 organisations comprised of large corporations and SMEs, municipal and regional governments, universities and research institutes, as well as non-governmental organisations and uncommon actors.

We use a portfolio approach for developing and deploying innovation to achieve systemic change in those human systems that matter for long-term prosperity, combining activities and innovation outputs from applied research, education, start-up incubation, and innovation ecosystem building. In 2019, we launched Deep Demonstrations, a demand-led methodology for composing innovation portfolios across technology, policy, finance, citizen engagement, and other relevant levers of change in order to generate options and test transition pathways for place-based systems and value chains.

We currently operate out of 13 hubs across Europe and are active in 39 countries globally. EIT Climate-KIC is supported by the European Institute of Innovation and Technology (EIT), a body of the European Union.

## 1.2 Purpose of this Document

EIT Climate-KIC has set out to engage investment capital in service of its climate action strategy *Transformation, in Time*. We are looking for organisations willing to enter into a strategic partnership (or any other commercial relationship) with us on building and developing investment capability, particularly around our entrepreneurial programmes, in order to mobilise capital for the most promising of climate innovations in our portfolio and to contribute to EIT Climate-KIC's long-term financial sustainability.

This document presents a preliminary view of the opportunity we see and invites organisations to submit information that will inform EIT Climate-KIC about potential strategic visions, collaboration approaches, partnership opportunities, resourcing needs, and commercial models in the space of entrepreneurial investment.

# 2 Background

## 2.1 Entrepreneurship at EIT Climate-KIC

Ever since EIT Climate-KIC was launched 10 years ago, entrepreneurship has been a centre of gravity for our organisation. Since 2010, we have supported more than 3700 businesses in over 50 countries and catalysed more than €1 billion in follow-on investments. Today, EIT Climate-KIC is a recognised leader in scouting, incubating, accelerating, and scaling climate-positive entrepreneurial initiatives.

### **Our Programmatic Prowess**

The main pillar of our entrepreneurship programming is the **Start-Up Accelerator**, which we deliver in 31 European countries together with 21 of our partners. The 18-month programme takes start-ups through three consecutive stages—with a competitive stage-gate in between—to develop a business model, build customer traction, and achieve investment readiness. Along the way, we support these start-ups with coaching, mentoring, technical skill development, investor access, and grant funding (usually up to €90'000). To date, we

have supported more than 1600 entrepreneurial teams, including highly successful cleantech start-ups such as [Ynsect](#), [tado](#), [Lilium Aviation](#), [Volocopter](#), [Thermondo](#), and [Climeworks](#).

Upstream of the Start-Up Accelerator on the innovation maturity curve, we run two ideation programmes. The **Climathon** is a 24-hour innovation ideas competition focusing on complex challenges in urban contexts. Its last edition attracted 6500 participants in 145 cities around the world. The **ClimateLaunchpad** is the world's largest green business ideas competition, open to Climathon participants and other ambitious entrepreneurs. It is run in three stages—starting with online courses and a boot camp, followed by intensive coaching and national finals, culminating in a global grand finale—and the top 16 are automatically granted entry to EIT Climate-KIC's Start-Up Accelerator.

Downstream of the Start-Up Accelerator on the innovation maturity curve, we manage the **Investor Marketplace**, a platform that brings together early-stage angel and venture investors with some of the most promising start-ups from our universe. We support matchmaking both by brokering introductions on a bilateral basis and by running **Deal Stream**, a live start-up pitching show delivered through YouTube.

### Embedding Entrepreneurship in a Wider Systems Innovation Approach

From our decade-long experience in the field of climate innovation, we have come to understand that entrepreneurial programmes—with their focus on the “supply side” of innovation—are extremely effective at producing technology-based single-point solutions, the building blocks of a low-carbon economy. What these programmes are less suited to nurture are solutions that tackle issues of climate resilience, inclusiveness, and justice. These are inherent properties of society that are not traded in a market—and are therefore harder to create with the traditional approach of commerce-based entrepreneurship—but are equally important goals enshrined in the Paris Agreement and the UN's SDGs. Neither are supply-focused entrepreneurial programmes adept at producing the deep, structural changes in the political, regulatory, economic, and social spheres of society that the world now needs to cope with the climate crisis.

This is why, in 2018, we adopted a new strategy that emphasises systems innovation, works across many different change levers—including technology but also policy, finance, values and norms, and citizen engagement—and involves the demand side of innovation such as public sector bodies and corporations. Our ambition is to connect the supply of innovation with its demand whilst stimulating innovation in those domains not traditionally served by the start-up community.

Our flagship demand-side programme is [Deep Demonstrations](#), which we currently run across a diverse set of climate change topics including [urban transitions](#), [circular economy](#), [just transformation of industry](#), [resilience and adaptation](#), [food systems](#), [maritime shipping](#), and [landscapes](#). Deep Demonstrations offer a platform for testing innovation, building synergies, and driving demand from “challenge owners”—those entrusted by society to address climate change—from the public and private sectors and the more than 400 partners of EIT Climate-KIC. As such, they offer a platform for start-ups to test and validate their solutions, generate sales leads, and forge strategic partnerships.

### A Source of Intelligence

Through our entrepreneurial programming, the EIT Climate-KIC community gets exposed to thousands of innovations every year and on a global scale. This exposure can be converted into a source of intelligence on the state of the art and emerging trends. Which topics do the next wave climate entrepreneurs care about? Which innovations have market traction right now? Where are climate innovation ecosystems emerging that offer fertile ground for incubation, acceleration, and scale-up?

We pair these supply-side insights with intelligence from the demand side of innovation—the cities, regional and national governments, and corporations we work with in our systems innovation programmes. What problems from challenge owners remain unaddressed by climate entrepreneurship? Where do specific solutions open pathways toward systemic transformation and thus warrant scaling? What complementary interventions are needed to create stronger pull for innovation?

We generate intelligence around these questions by applying our rigorous learning and sensemaking protocols. These allow us to convert the signals received from these activities into actionable insights at the level of the whole portfolio as well as in thematic, sectoral, and geographic sub-domains. Such intelligence can be combined with more traditional sources of information (e.g. market analysis) to inform investment decisions, both around initial allocations and follow-on rounds.

## 2.2 The Next Chapter in Our Journey

As we move forward in the new decade, there are two important trends that compel us to revisit the way we support climate innovation. First, in many of the most important areas of climate action, the nature of the challenge is evolving from technology *development* to technology *diffusion*. Catalysing scale-up and adoption often requires financial capital of an order above what grantors are equipped to support and that only capital markets can provide.

Second, we are on the cusp of a change in the paradigm under which climate innovation is funded. Not only have the lines between granting and investing started to blur. But the world is also increasingly recognising the limitations of an innovation model steeped in a project-by-project mentality funded by taxpayer money and has started to embrace an approach that emphasises programmatic, mission-led strategies enabled with blended finance from the public, private, and philanthropic sectors. Both trends are exemplified by the EU's European Green Deal and its new R&D framework programme Horizon Europe.

Expanding our activities into the world of investment capital is therefore the logical next step for EIT Climate-KIC, both to amplify our impact as well as to retain the coherence between our mission and the context in which we operate.

### Our Vision

EIT Climate-KIC is an experiment. We are committed to *innovate innovation*, aiming high and pushing the boundaries of what is possible in everything we do. We also apply this ethos to how we plan to engage with investment capital. We are interested in approaches that are scalable to the billion-euro level. And we are eager to evolve the field of entrepreneurial finance—redesigning the *what, why, how, and who*—because we have come to understand that the dominant venture capital model is limited in its ability to support the type of transformative innovation the world now needs.

### The Impact Opportunity

We see entrepreneurship as both a capability as well as a foundry of innovative solutions for tackling the climate crisis. Historically, our programming has optimised for the volume of solutions and for existing market-based pathways to scale. Through our practice, we have realised that we need to bring the supply and demand of innovation in closer proximity so that they can mutually reinforce each other. In addition, we need our conception of impact to expand so that it not only covers the static outputs at the level of individual solutions (e.g. the emissions reductions potential of a new technology) but also emergent properties at the level of whole systems (e.g. the effect of a bundle of solutions on the direction in which the system is evolving).

Going forward, our strategy will therefore focus on systemically disruptive technologies with exponential effects, on novel business models that have the power to create new markets as opposed to selling into

existing ones, and on entrepreneurial initiatives that promise to change the dynamics and evolutionary direction of whole systems.

In support of this strategy, we also plan to launch a new programme—the Climate Entrepreneurship Foundry—which will cross the boundaries of classic venture building methods to explore and test new entrepreneurship methodologies capable of addressing systemic market failures.

### The Opportunity

Implementing our entrepreneurship strategy and expanding into the sphere of investments will be a learning journey for EIT Climate-KIC, particularly because the way we envision this to happen represents a deviation from classic cleantech entrepreneurship and thus requires exploration, experimentation, and learning. This is why we are looking for partners and service providers to come along this journey with us.

Our core expertise lies in identifying innovation needs, evaluating climate impact potential, incubating ideas, developing entrepreneurial initiatives, bringing together the supply side of innovation with its demand side, and extracting intelligence from our portfolio. These are the core competencies we seek to lever in a partnership.

We are particularly interested in organisations that have skills and experience complementary to ours and that understand how to amplify the value of the unique assets we have already built:

1. A **10-year track record** doing climate innovation and a highly refined, experienced-based understanding of the systemic nature of the climate crisis and the effectiveness of different innovation approaches
2. A range of well-established, globally delivered **entrepreneurship programmes** that produce a steady pipeline of innovative ideas, entrepreneurial talents, and investable start-ups
3. A mass of **data** from both the supply side and demand side of our portfolio that we can turn into actionable intelligence for investors
4. A **community** of more than 400 organisations from the public, private, academic, and philanthropic sectors that we can leverage for insight, reach, and partnership
5. A **brand** that expresses experience, honest broker status, and legitimacy in the societal and political spheres (including at national and EU level)

In particular, we are looking for skills and capabilities required to manage investment programmes with institutional capital: expertise around fundraising and capital blending; structuring and executing transactions; conducting financial, technological, and legal due diligence; and exercising shareholder rights, to name just a few.

We are keen to connect with organisations that have a demonstrated track record in these fields and are interested in partnering with us on leveraging EIT Climate-KIC's unique assets in service of attracting and allocating investment capital to the most promising climate innovations. A fruitful partnership will lever our complementary expertise and embody a meeting of the minds, a shared vision of how entrepreneurship can help tackle climate breakdown and how we might go about *innovating innovation* together.

## 3 What We Are Looking For

### 3.1 Your Experience

We are inviting all organisations inspired by the aforementioned narrative to step forward and share with us their vision for a strategic partnership (or other collaboration model) with EIT Climate-KIC around investing in entrepreneurial initiatives such as start-ups. This process is open to all organisations irrespective of their current commercial or contractual relationship with the Climate-KIC Holding B.V., including those that have not yet entered into a community agreement with us.

### 3.2 Scope of Ideas

We are open to a wide range of ideas of how such a partnership or commercial arrangement could look like. Whilst we have a sense of our own capabilities and currently hold the view that it would be sensible to lever these capabilities (along with our other assets described above) in service of an investment partnership, we are not married to these ideas. Please feel free to put forward suggestions of all kinds, whether they immediately resonate with our own narrative or not.

### 3.3 Suggestions

Notwithstanding our openness to a wide range of ideas, there are certain constraints that our organisation currently operates under. Whilst not all of them represent rigid, unalterable conditions, operating outside these boundaries could be challenging for us. It would therefore be prudent to take the following considerations into account when drafting your response:

- The partnership (or commercial relationship) must present a viable (long-term) pathway to generating revenue for EIT Climate-KIC so that we can continue running our entrepreneurship programmes, which operate at an annual budget of €8-10 million.
- Because our entrepreneurship programmes run on a continuous basis with predictable costs, we are more interested in near-term predictable revenue than in long-term contingent revenue.
- Exclusivity in partnerships is something we are technically able to offer, though it is not in the spirit of an open and collaborative innovation community and thus not our preferred way of operating.
- We have limited capacity to fund the costs connected to the development and implementation of the partnership (or commercial relationship) in the years 2020 and 2021. While some financial support may be available, we are particularly interested in proposals that convey a sense of equal partnership in terms of the resources each party commits to the endeavour and prioritise “sweat equity” over out-of-pocket expense.

Please also note that the Climate-KIC Holding B.V., as a legal entity funded primarily with taxpayer money, is subject to public procurement rules and that, in addition to our own internal procurement thresholds, the [EU's procurement thresholds](#) apply. This means that we will have to properly procure any partnerships or services that we may become interested in as a result of the submissions to this RFI. Please note that this RFI does not form part of this formal procurement process, and that there is no guarantee that EIT Climate-KIC will decide to procure any partnership or service related to the above.

## 4 Process

### 4.1 Process

Parties interested in entering into a dialogue with EIT Climate-KIC are asked to submit a response, as detailed in this document, and using the templates and guidance provided herein.

#### Timeline

Responses can be submitted at any time after the RFI issuance date and until the closure of the submission window as indicated in the table below:

Planned Date	Milestone
28 September 2020	RFI issued
16 December 2020, 6:00pm CEST	Closure of the submission window

Submissions will be reviewed continuously. EIT Climate-KIC may decide to enter into conversations with respondents and/or launch a formal RFP process at any time after the RFI issuance date. Therefore, respondents are encouraged not to wait until the last minute to submit their responses.

#### Submission Instructions

Please submit your response at any time following the RFI issuance, but at the latest by the deadline indicated above, to [transcap@climate-kic.org](mailto:transcap@climate-kic.org).

#### Reimbursement of Preparation Costs

EIT Climate-KIC will not reimburse any costs incurred by third parties in connection with preparation and submission of their responses to this Request for Information (RFI).

### 4.2 Q&A Opportunity

In order to guarantee fair and equal treatment of all, we will generally be unable to answer substantive questions on a bilateral basis. However, we will invite interested parties to join open format Q&A webinars prior to the submission deadline. Those parties interested in joining such a webinar are kindly requested to express their interest via an email to [transcap@climate-kic.org](mailto:transcap@climate-kic.org).

# Appendix A: Response Template

## Information About Your Organisation

<b>Legal Entity Name</b>	[...]
<b>Registered Address</b>	[...]
<b>Website</b>	[...]
<b>Details of Main Contact</b>	[...]
<b>Names and Roles of People Involved in the EOI</b>	[...]

## Instructions

Below are 6 questions which you are asked to respond to. While none of the individual questions has a word limit, the extent of your entire response is restricted to 3 pages of single-spaced text (10 pt), including all graphics, diagrams, and tables. The submission of appendices is discouraged.

## Questions

1. **Vision:** *What is your vision for the partnership?*

[...]

2. **Fit:** *What positions your organisation uniquely for a partnership with EIT Climate-KIC in the entrepreneurial investment space?*

[...]

3. **Strategy:** *What is the overall approach with which you propose we pursue this vision?*

[...]

4. **Delivery:** *What are the cornerstones of an implementation roadmap? Please specify high-level work packages, roles and responsibilities, and timelines (all indicative).*

[...]

5. **Resourcing:** *What resources—financial, human, IP, etc—are required to deliver on your vision and what is your high-level proposal for who provides and/or funds these resources?*

[...]

6. **Commercial Model:** *What is the cost model behind your proposed strategy? What is the revenue model and how would the financial benefits from the partnership be distributed between your organisation and EIT Climate-KIC?*

[...]