

InnoEnergy COVID-19 Crisis Response Instrument Process

Context

The COVID-19 pandemic significantly impacts the EIT Community and, the unique support it provides across Europe to entrepreneurs and innovators dedicated to developing innovative solutions for sustainable energy. The current crisis calls, more than ever, for a close coordination across all members of the EIT Community in order to respond in a strategic and operational manner to the challenges caused by the pandemic but also looking ahead and beyond at the expected immense economic and social challenge to follow.

Innovation is a significant part of the solution, as the world will have changed dramatically after the pandemic abates and the economic downturn starts.

The EIT InnoEnergy immediate response is been focused on the most vulnerable beneficiary groups affected by the crisis, i.e. students, entrepreneurs (start-ups, scale-ups and SMEs) and innovators. The response aims to help them to maintain their activities and avoid that entrepreneurial and innovative initiatives built over the past years are wiped out due to economic and social consequences of the crisis. EIT InnoEnergy is committed to address this challenge without delay since day one of the and has pro-actively contacted and engaged with all its assets.

Process

In tackling the COVID- 19 emergency InnoEnergy is deploying established open and transparent processes which have been validated by over nine years in operations.

Step 1: Ventures Screening for InnoEnergy COVID-19 Crisis Response Instrument



Crisis



In order to understand the main challenges that our ventures are facing and prioritize them we followed three main steps : a) diagnostic; b) compile the information and identify the main needs; c) size the challenge in terms of size (i.e., how much money) and urgency (i.e., immediate, short term, medium term)

In the first weeks of the COVID- 19 outbreak InnoEnergy has pro-actively reached out to all the InnoEnergy ventures and innovators.

We needed to have a '**diagnostic**' in order to be able to take stock of all the needs, to establish which ones are in danger and need immediate support.

We have engaged in an open dialogue with the clear objective to take stock of the immediate and direct impact the COVID-19 on our ecosystem. **2000 phone/ video interviews** were carried out using a comprehensive check list questions to evaluate the impact of the COVID -19 on a given venture or partner.

Check - list questions to evaluate the impact of 3-month-crisis on an asset:

SAFETY

- 1) Have you established a plan to keep your employees safe while maintaining business operations? // teleworking, etc. Do you have the tools?
- 2) How is the team dealing with this situation?

REVENUES

- 3) How is your **SALES** pipeline going to be affected?
- 4) Current Sales forecast (1st semester 2020)? (e.g the same or -30%, -50% etc.)

EXECUTION OF COMMITMENTS

- 5) How is your ability to deliver affected?
- 6) Has your supply chain being affected? If so, what is the impact to supply chain for current deals/operations and what are their mitigation strategies?

CAPITAL RESILIENCY

- 7) **Cash Flow** situation? Any risk of non-collection?
- 8) **Burn rate**: Which is your current burn rate? plan to reduce it? (plan to manage costs) minimum possible burn rate?
- 9) **Runaway**: Assuming two scenarios
 - a) how many months can you survive if sales=0
 - b) how many months can you survive if expected sales happen
- 10) **Access to capital**: which alternatives do you have to get access to capital in the short term? subsidies, government help, renegotiation of loan or credit lines etc.

FUND RAISING

- 11) If you are raising funds or you expected to raise funds in the forthcoming months, how has this situation impacted (**calendar, type of investor, amount**)? How your **valuation** is going to be affected?

Step 2: Ventures Selection under InnoEnergy COVID-19 Crisis Response Instrument

Per each venture the following information was compiled:

- (1) The venture needs monetary actions in survive: YES/ too early to tell/NO
 - o Type of monetary action needed: Cash/Capital
- (2) Amount (€) needed, if any.
- (3) Urgency (Speed is paramount).
 - a. Immediate and urgent support (must have)
 - b. Short term Support
 - c. Medium term Support

InnoEnergy sized the dimension of the challenge by clustering the ventures by prioritizing the ones in need of immediate and urgent financial support and urgency



InnoEnergy has initiated the evaluation process **for ALL the ventures part of Priority 1 Cluster.**

Depending on funding availability the same process will be applied to the ventures in **Priority 2 and Priority 3 clusters**, using a waterfall principle and conditioned by the following important criteria: (1) earliest need for cash; (2) highest ROI for InnoEnergy; (3) support actions for boosting commercial transactions of the ventures are preferred.

A venture can be benefit financial support with immediate effect upon a mutually agreed calendar should the following conditions be met simultaneously:

1. The Evaluation Committee positive decisions (for cases below 250.000 EUR) and InnoEnergy Executive Board positive decision on your case (for cases above 250.000 EUR);

2. A signed agreement between venture and InnoEnergy, with the ROI (Return of Investment) fully specified.
3. Become a partner to the EIT if you are not yet one;
4. The costs planned for the action must be disbursed in 2020, starting April 1st in line with H2020 AMGA provisions. Your InnoEnergy counterpart will support you with budget preparation

These conditions have been formally communicated to all the ventures in Priority 1 cluster and entering assessment process is conditioned by the acceptance of the four conditions listed above.

Step 3: InnoEnergy COVID-19 Crisis Response Instrument Assessment Process for ventures

The assessment process is organized in two sequential steps, depending on the size of financial support required:

- a) Tickets up to 250.000EUR are assessed by an Assessment Committee (Innovation Director; BCS core team (BC Manager, Portfolio Manager, Portfolio Analyst, BC Finance Officer), Co-location Business Creation Officers (BCOs), Thematic leader and external thematic expert) ;
- b) Tickets above 250.000EUR following the positive recommendation of the Assessment Committee are also being assessed by the [InnoEnergy Executive Board](#)

Assessment Documentation

All the ventures receiving financial support were invited to prepare the following documents:

- **Doc 1: Revised Business Plan v.0, including an analysis pre- post COVID -19.**
- **Doc 2: The case of the InnoEnergy COVID-19 Crisis Response Instrument financing need, describing how much money (€), Destination of the funds (Capital Breakdown and Gantt Template), Financial information, Risk analysis and mitigation plan, EXIT strategy.**

Structure and procedure of the Assessment Committee meeting

Presentation of the case (30'): Entrepreneurs will be called to defend the case

Questions and answers (60'): The entrepreneurs will answer the questions from the committee to solve the doubts and concerns that the committee could have

Internal Discussion (30'-60'): Discussion of the case and analysis of the convenience of investing.

Decision (30'): The committee will make the final decision and the resolution will be stated in the minutes including the signatures of each member of the Committee Decision of the committee

Once the presentation and the round of Q&A with the entrepreneur is finished, the committee will hold a private meeting without the entrepreneur, where each of the member will express the Pros and Cons of the project and will conclude with its own resolution in the form of NO/YES/YES CONDITIONED.

All the votes will be counted, and the final resolution will be the result of the democratic result of the round of opinions. Terms and conditions (if any) will be agreed by the committee members. In case of tie, the vote of the Innovation Director will count double. Once a decision is taken, this will be reflected and signed in the minutes of the meeting. The decision will result in an offer letter to the entrepreneur:
NO/YES/YES CONDITIONED

For tickets higher than 250.000EUR the positive recommendation for support of the **Assessment Committee is shared with the EB together with Doc 2: The case of the InnoEnergy COVID-19 Crisis Response Instrument financing need.**

Structure and procedure of the EB meeting

Presentation of the case (15'): Entrepreneurs will be called to defend the case

Questions and answers (30'): The entrepreneurs will answer the questions from the committee to solve the doubts and concerns that the committee could have

Decision (15'): The EB will make the final decision and the resolution will be stated in the minutes of the meeting.

Step 4: InnoEnergy COVID-19 Crisis Response Instrument Award

The Colocation Manager will communicate the entrepreneurs with a formal letter the decision of the committee in no more than two days. In case of positive decision, the entrepreneurs must communicate the acceptance or refusal of the proposal in written form to the colocation manager no later than one week after the reception of the offer letter.