

Guidelines Entrepreneurial Pilot Spring 2017

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Guidelines for Entrepreneurial Pilot

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1 Entrepreneurial Pilot – in short

This document contains the guidelines for Innovation Fund Denmark's Entrepreneurial Pilot programme applicable from February 2017.

1.1 What is Entrepreneurial Pilot?

Entrepreneurial Pilot is a funding opportunity for newly graduated talents from higher education programmes wanting to develop their innovative business idea. The programme is designed to strengthen knowledge-based entrepreneurship in this group – short as well as long term.

An Entrepreneurial Pilot programme can last up to 12 months. The Entrepreneurial Pilot will receive counselling and funding, supporting the development of the Entrepreneurial Pilot's innovative business idea towards a stage where the business idea can be further developed within a business set-up or in interaction with the wider innovation and commercialisation system. Both individuals and teams of up to three members may apply.

The Entrepreneurial Pilot programme consists of:

- A counselling programme consisting of camps and individual counselling
- Access to physical facilities (office space, Internet access etc.) and a network of other Entrepreneurial Pilots, entrepreneurs, industry partners and investors
- A monthly Entrepreneurial Pilot grant of DKK 15,000
- A special grant of DKK 35,000 for each Entrepreneurial Pilot programme for e.g. hiring equipment, external counselling, test of prototype etc.

Innovation Fund Denmark collaborates with an external operator, who is responsible for providing counselling and access to physical facilities and network. This task is, at the moment, performed by a consortium of Pluss Leadership and the five regional incubators.

2 Who can apply?

Applicants for the Entrepreneurial Pilot programme must meet the following requirements:

2.1 Graduate or student

You must be a newly qualified graduate or student, meaning that you, at the application deadline, must have been a graduate for no more than 12 months, counted from the date of graduation¹.

Students graduating no later than the start date of the Entrepreneurial Pilot programme for which they apply, may also apply for admission to the programme².

¹ Innovation Fund Denmark can in very special cases choose to grant an exemption from the rule that the applicant at the application deadline must have been a graduate for no more than 12 months counted from the date of graduation. This can e.g. be based on a notification of illness, where the applicant for a longer period of time has been inactive in the labour market. In such cases, the applicant cannot have been a graduate for more than 12 months plus the period during which the applicant has been inactive in the labour market.

² Innovation Fund Denmark may in very special cases grant exemption from the rule that the applicant must graduate no later than the start date of the Entrepreneurial Pilot programme, for which they apply. This may happen if the applicant has reason to believe that he/she is able to graduate no later than the start date of the Entrepreneurial Pilot programme, for which they apply, but, for reasons for which the applicant is not responsible, will graduate later than that. In such cases Innovation Fund Denmark may choose, to a limited extent, to extend the deadline for when the applicant must graduate. However, the applicant cannot be formally admitted to the Entrepreneurial Pilot programme and receive payment until documentation of graduation has been provided. If an applicant is admitted after the programme has begun, the programme will not be extended correspondingly.

Applicants granted an Entrepreneurial Pilot programme in the spring are expected to commence on 1 September. Applicants granted an Entrepreneurial Pilot programme in the fall are expected to commence on 1 February.

2.2 Individual or as a team

Both individuals and teams of up to three members may apply for admission to the programme. All those who apply for admission must meet the requirements outlined in Section 2.

Applicants may cooperate with persons who do not apply for admission to the programme, either because they do not fall within the scope of the programme, are otherwise employed or do not wish to be admitted to the programme. Here it is vital that the application clearly specifies who is applying for admission.

In any case, Innovation Fund Denmark recommends that a team has been established representing the relevant competences to support the development of the business idea.

2.3 Higher education

You must have graduated with a public tertiary degree, a PhD degree or an accredited private degree (i.e. a degree carrying entitlement to a Danish student grant). These include academy profession, professional bachelor's, bachelor's, master's and PhD degrees from one of the country's university colleges, business academies, maritime educational institutions, institutions in art and architecture, universities or similar. Adult higher education is not included in the programme.

2.4 Business idea

You must have a business idea. The business idea is the focal point of the entire Entrepreneurial Pilot programme and must be concerned with an innovative product, service or technology. In addition, the business idea must, among other things, build on the knowledge and the competences you have acquired while enrolled in higher education.

Your business idea must be in the early phases with some development remaining before the product, service or technology is market ready. Test sales are allowed, but a finished product, service or technology, that has been launched or is ready for launch is not allowed. Being in the early phases also entails that no bigger amount of external funding may have been or can be obtained for the business idea.

2.5 You must be behind the business idea

You must be behind the business idea. If a company exists based on your idea, you must have played a main role in the creation and development of the company. You must be a founder of the company and own a significant owner's share, which as a main rule is a minimum of 25 percent. In addition, the founding team combined must own a minimum of 51% of the company.

2.6 You must not have been admitted previously

You cannot apply for admission if you have previously been admitted to the programme.

2.7 The business idea must not have received previous funding through the programme

Applications cannot be based on a business idea that has previously received funding through the programme. I.e. you cannot – across application rounds – apply to expand the team behind the business idea.

2.8 Foreign applicants from EU member countries and countries outside the EU

Foreign citizens, who meet the requirements outlined in Sections 2.1 to 2.7, may also apply for admission to the programme, insofar as the relevant authorisations and registrations are obtained.

Foreign citizens from countries outside the EU may, insofar as they are admitted to the programme, apply for a special start-up visa to obtain permission to create self-employed activities in Denmark. Read more on www.startupdenmark.info.

Foreign citizens from EU member countries must, insofar as they are admitted to the programme, be able to provide evidence of registration obtained from the State Administration. Read more on <http://www.statsforvaltningen.dk/site.aspx?p=5466>.

It is your responsibility to obtain all the relevant authorisations and registrations from the authorities responsible.

You are expected to work on your Entrepreneurial Pilot project in Denmark and to take an active part in the counselling programme conducted in Denmark.

3 Application process

3.1 Application deadlines

Innovation Fund Denmark has two rounds of applications per year, one in the spring and one in the fall. The application deadlines are set on a regular basis and announced on www.innovationsfonden.dk/en.

Applications which are not submitted via the electronic application system www.e-grant.dk before the deadline will not be assessed and considered for an Entrepreneurial Pilot programme. It is the responsibility of the applicant to ensure that the application has been filled in correctly, and that the required appendices are attached to the application.

Applicants are under obligation to notify Innovation Fund Denmark immediately in the event of any subsequent changes affecting the information submitted, including funding received from other sources.

Innovation Fund Denmark reserves the right to use application data from applications to the fund in its continuous evaluations and analyses e.g. to measure the effect of its investments. Innovation Fund Denmark will not disclose any application specific information; only anonymized and aggregated information may be published.

3.2 Content of the application

The application consists of an electronic application form to be completed in the e-grant application system www.e-grant.dk and the following appendices to be attached to the electronic form:

- Degree certificate (if graduate) or grade transcript and documentation of expected date of graduation (if student) (mandatory)
- Expert opinion from incubator (optional)
- Other: E.g. other professional assessment of idea, illustration of idea, video pitch or similar (optional).

Material which to a significant extent repeats content already provided in the application must not be attached. Appendices under "Other" must total no more than 10 pages, and the video pitch can last no more than two minutes. Please note that appendices under "Other" will only be skimmed. The assessment will be based on the description of the idea provided in the application form.

The appendices must be in PDF format and total no more than 25 MB.

3.3 Description of the business idea

Your description of the business idea must address the following points. The scope of the description of the business idea is evident from the application form.

- *Problem*: What problem, need or wish do the customers have, and what is the market potential?
- *Value*: What is the idea, and how will it address this problem, need or wish?
- *Competition*: Describe any competing solutions and why the idea is innovative compared to these solutions.
- *Customers*: Who are the customers (at national and international levels), and what are potential customers', users' or other stakeholders' opinion of the idea?
- *Finances*: How can you profit from the idea, and how is the idea scalable?
- *Status*: How far have you come in realising the idea, and what are the main challenges for realising it?
- *Development*: What do you wish to achieve during the Entrepreneurial Pilot programme, and where do you expect to be by the end of the programme?
- *Team and execution*: What are the team's competences (e.g. professional competences and entrepreneurial competences) for utilising the described opportunities, considering the entire process from idea to customer? What competences does the team lack for solving future challenges, and how do you plan to handle that? It must be clearly stated which persons in the team are applying for admission to the Entrepreneurial Pilot programme.

3.4 Professional feedback

In connection with the application you may choose to receive professional feedback from your regional incubator. This feedback is meant to help you strengthen your business idea based on the assessment criteria emphasised by Innovation Fund Denmark. In connection with the feedback an expert opinion will be produced considering your business idea and your competences; you may choose to attach the opinion to your application.

The choice to receive feedback and an expert opinion from your regional incubator is optional. Please note that the opinion prepared by the incubator is a guideline only, and that Innovation Fund Denmark in any case will make its own individual assessment and prioritisation.

If you wish to receive feedback and an expert opinion, please contact Pluss Leadership at +45 72 11 21 30. Pluss will refer you to the right person at your regional incubator. You must have arranged with the incubator to prepare an expert opinion no later than two weeks before the application deadline. You will receive the expert opinion no later than two days before the application deadline, enabling you to attach it to your final application.

3.5 Using e-grant

The application must be completed in the electronic application system at www.e-grant.dk. To create an application in e-grant you must first set up as a user or log in using NemID. Once the application has been created you can invite other people to fill in the application, e.g. if you apply as a team. If you wish to access the application at a later point to make corrections or see its status after it has been submitted, you must log into e-grant on the front page.

If you choose to log in using NemID, please note whether:

- You have a sufficient number of "keys" for login, enabling you to log into the system several times to complete and submit your application.
- Your NemID profile is anonymous, as this may cause technical problems.

Once you have logged in, you can create a new application by selecting “Application possibilities” in the menu on the front page. You then locate the correct call and press “Apply now”.

The Danish Agency for Institutions and Educational Grants, which is responsible for e-grant, has a duty to notify users of the system of any errors that cause e-grant to be inaccessible to the point where it affects the applicant’s access to submitting an application by a given deadline. Updates on any system disruptions will be posted on the website of the Danish Agency for Institutions and Educational Grants at http://ufm.dk/en/research-and-innovation/funding-programmes-for-research-and-innovation/e-grant?set_language=en&cl=en.

In particularly severe cases, Innovation Fund Denmark may extend the application deadline for all affected applicants. This will likewise be announced at http://ufm.dk/en/research-and-innovation/funding-programmes-for-research-and-innovation/e-grant?set_language=en&cl=en and at <http://innovationsfonden.dk/en>.

Innovation Fund Denmark and the Danish Agency for Institutions and Educational Grants disclaim all and any liability for erroneous information ensuing from faults in software, computation errors, transmission faults and similar faults, and in respect of any claim for damages ensuing from incorrect use of e-grant.

Before you can submit your application you must, among other things, confirm that you have read and accepted the terms and conditions for using e-grant. You can read more about the rules at http://ufm.dk/en/research-and-innovation/funding-programmes-for-research-and-innovation/e-grant?set_language=en&cl=en.

4 Assessment process

The application is assessed by an independent panel of experts with knowledge on entrepreneurship. Based on the below assessment criteria the entrepreneur panel will recommend approx. 20 Entrepreneurial Pilots for the programme. The panel’s recommendations are submitted to the board of Innovation Fund Denmark, which makes the final decision.

Insofar as Innovation Fund Denmark receives more than 100 applications, a preliminary screening of the applications will be conducted before submitting them to the entrepreneur panel for assessment.

If the applications are not of a sufficiently high quality to result in 20 grants, Innovation Fund Denmark may decide to grant less than 20 Entrepreneurial Pilot programmes.

Innovation Fund Denmark only considers information provided in the application, naturally assuming that the information provided is correct. Therefore, additional information submitted outside the electronic application system, e.g. via email, will not be taken into account in the assessment of the application.

4.1 Assessment criteria

The application must be based on an innovative business idea. The assessment of the application will be based on the following assessment criteria:

Novelty

- *Innovative scope*: Is it clear how the business idea builds on new knowledge or new usage of existing knowledge?
- *Competition*: Is it clear how the business idea differs from competing products or services?

Value creation and business potential

- *Market potential:* Has it been rendered probable that there is a market for the business idea or that one will emerge?
- *Scalability:* Is it clear how the business idea can be realised in the form of a scalable product or service?
- *Finances:* Is it clear how it is possible to profit from the business idea in the long term?
- *Value creation:* Does the business idea have the potential to create growth and employment in Denmark and/or solve societal challenges?

Implementation

- *Clarity:* Is it clear what the business idea is about?
- *Feasibility:* Has it been rendered probable that the business idea can be realised in practice, and that an Entrepreneurial Pilot programme can raise the idea to a stage where it can be further developed within the framework of a business set-up or with the help of the existing innovation and commercialisation system?
- *Team:* Does the team behind the business idea have the relevant competences to take advantage of the described opportunities?

4.2 When can you expect to receive an answer to your application?

All applicants are expected to receive notice of the decision in e-grant no later than two and a half month after the application deadline.

Applicants granted an Entrepreneurial Pilot programme in the spring are expected to commence on 1 September. Applicants granted an Entrepreneurial Pilot programme in the fall are expected to commence on 1 February.

5 The Entrepreneurial Pilot programme

If you are admitted to the programme a series of conditions apply during the Entrepreneurial Pilot programme. These are outlined below.

The Entrepreneurial Pilot programme is conducted by the operator who is responsible for counselling of the Entrepreneurial Pilots, ongoing administration of the programme and supervising the Entrepreneurial Pilots during the programme.

5.1 Duration and content of the Entrepreneurial Pilot programme

The Entrepreneurial Pilot programme can last no more than 12 months, defined by a start and an end date.

During the Entrepreneurial Pilot programme the Entrepreneurial Pilot is entitled to the following:

Monthly grant

The monthly grant is DKK 15,000 before tax. The grant represents taxable B income. The grant does not entitle the recipient to holiday pay or retirement benefits. The grant is paid in arrears.

Special grant of DKK 35,000 for special expenses

The special grant totalling DKK 35,000 can be used for special services, prototypes or material for developing the business. However, it cannot be used to purchase consumer goods such as computers, telephones, food, and similar.

The special grant is paid to an individual or a company. Special grants paid to an individual are including VAT and are reported to SKAT as taxable B income via your civil registration number. Special grants paid to a company are exclusive of VAT and are reported to SKAT via the company's registration number. If the special grant is paid to a company it is important to observe the rules on de minimis aid, cf. Commission Regulation (EC) No. 1407/2013 of 18 December 2013 on the Application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid. This entails that the company must report the amount of de minimis aid received in the present and the two previous financial years, and the source hereof.

The funding and counselling provided during the Entrepreneurial Pilot programme will follow the individual Entrepreneurial Pilot. I.e. if the Entrepreneurial Pilot is part of a team of three Entrepreneurial Pilots the team will have a total of 3 x DKK 35,000 for external counselling and services corresponding to three individual counselling programmes combined.

Counselling

The counselling programme will consist of camps for all the Entrepreneurial Pilots and of individual counselling.

Access to office facilities and ecosystem

The operator will provide office facilities for the Entrepreneurial Pilots and access to the ecosystem of other Entrepreneurial Pilots, entrepreneurs, industry partners and investors etc.

5.2 Conditions of participation

The Entrepreneurial Pilot has to work full-time on the project throughout the Entrepreneurial Pilot programme. The Entrepreneurial Pilot cannot be enrolled in a full-time study programme or be in other full time employment during the Entrepreneurial Pilot programme.

The Entrepreneurial Pilot can have supplementary income of a maximum of DKK 5,000 per month before tax as long as this in no way compromises the Entrepreneurial Pilots work on his/her entrepreneurial idea. The Entrepreneurial Pilot can furthermore draw a maximum of DKK 5,000 per month before tax out of the new entrepreneurial company if the economy of the company allows.

A condition for admission to the programme is that the Entrepreneurial Pilot works on the project in Denmark and takes an active part in the counselling programme conducted in Denmark.

Innovation Fund Denmark reserves the right to add a mid-way progress review. If the progress is not satisfactory Innovation Fund Denmark reserves the right to terminate the Entrepreneurial Pilot programme.

5.3 Reporting

As an Entrepreneurial Pilot you are under obligation to file a financial report on the funding (both the monthly grant and the special grant) you have received during the Entrepreneurial Pilot programme. In addition, you are under obligation to produce a professional report on the Entrepreneurial Pilot programme, which consists in answering an electronic questionnaire. The Entrepreneurial Pilot will receive the questionnaire towards the end of the programme or at the end of the programme, if it ends sooner than expected. Answering the questionnaire is a prerequisite for the final disbursement. The conditions can be found in the letter of commitment.

6 State aid

Funding received through the Entrepreneurial Pilot programme is considered state aid and must be in compliance with Articles 22 and 28 of Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, cf.:

<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=da>.

Beneficiaries should be aware that funding cannot be granted for the same eligible costs by Innovation Fund Denmark or other public authorities, if this entails exceeding the cap established in Article 22, Sections 3 c, 4 and 5 or Article 28, Sections 3 and 4.

7 Illness, maternity/paternity leave and violation of the project description

In case of protracted illness or maternity/paternity leave Innovation Fund Denmark or the Entrepreneurial Pilot can choose to discontinue the Entrepreneurial Pilot programme temporarily. In such cases the Entrepreneurial Pilot programme will be extended correspondingly when the Entrepreneurial Pilot continues the programme.

During a temporary discontinuation of the Entrepreneurial Pilot programme due to illness or maternity/paternity leave the Entrepreneurial Pilot is not entitled to receive any form of benefit from the operator or Innovation Fund Denmark. The Entrepreneurial Pilot should therefore consult the rules on unemployment benefit to learn about the opportunity for receiving sickness benefit or maternity/paternity leave benefit.

In case of violation of the project agreement by the Entrepreneurial Pilot Innovation Fund Denmark may choose to discontinue the Entrepreneurial Pilot programme.

8 Contact

If you have questions about the programme in general or the application procedure in particular, please call the Entrepreneurial Pilot helpdesk at +45 72 11 21 30 (the phones are open from 9-15 on weekdays). You can find the answer to most questions in the present Guidelines or on the website at <http://innovationsfonden.dk/en/investment/entrepreneurial-pilot>.

You are also welcome to send an email to info@ivpilot.dk.

Please direct questions about e-grant and technical questions about submitting your application to the helpdesk at +45 33 92 91 90 (the phones are open from 9-12 on weekdays) or support.e-grant@fi.dk.