

INNOFOUNDER

Guidelines

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Guidelines for InnoFounder

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1 Introduction to InnoFounder

InnoFounder (previously Entrepreneurial Pilot) is Innovation Fund Denmark's design-driven programme 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.

A design-driven approach means focussing on people (and their living context) more than specific technologies or business models. People are the priority over products, and they are placed front and centre in the innovation process.

The programme activities are completed iteratively according to the principle of 'Build, test, learn, repeat', i.e. designing solutions, testing and receiving feedback and translating learning into improvements and further development. One of the most powerful design tools within user-centred innovation of products, services or experiences is fast and iterative prototyping.

An InnoFounder course can last up to 12 months. As an InnoFounder you will receive counselling and funding, accelerating the development of your innovative business idea towards a stage where the idea can be further developed within the framework of your own business, typically in interaction with external investors. Both individuals and teams of up to three InnoFounders may apply.

InnoFounder offers:

- A monthly grant of DKK 15,000.
- A special grant of DKK 35,000 to support the development of your business idea.
- A place in an inspiring co-working space in Aalborg, Aarhus, Sønderborg, Odense or Copenhagen.
- An experienced mentor, who will follow your team throughout the course.
- Workshops with other InnoFounders featuring world class experts.
- Access to the InnoFounder community of investors, startups and corporate professionals in Denmark and internationally.

Innovation Fund Denmark collaborates with the Danish Design Centre (DDC) and the Copenhagen Institute of Interaction Design (CIID), who are responsible for running the programme.

2 Who can apply?

Applicants for the InnoFounder 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

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.

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

Applicants granted an InnoFounder course in the spring are expected to commence on 1 September. Applicants granted an InnoFounder course in the fall are expected to commence on 1 March.

2.2 Individual or as a team

Both individuals and teams of up to three InnoFounders 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 expects 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 InnoFounder course 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 complete and the business model in place. This entails that there must not be significant revenue based on the idea nor has external funding to a greater extent been obtained for the business idea and the forthcoming development. Finally the team behind the idea must be open to feedback and be ready to continue working with and having the idea challenged.

A company may be established based on the idea, but this is no requirement. If a company has been established, this must be a new company based mainly on the business idea and with no other products on the market.

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

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 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 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 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.

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 per cent 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. However, only foreign citizens who have obtained their degree at a Danish educational institution may apply for admission to the programme.

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.

A condition for admission to the programme is that you complete the course in Denmark and take an active part in the counselling 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.

3.2 Content of the application

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

- Degree certificate (if you are a graduate) or grade transcript and documentation of expected date of graduation (if you are a student) (mandatory).
- Other: E.g. other professional assessment of idea, illustration of idea 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. 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.

Applications which are not submitted via the electronic application system www.e-grant.dk before the deadline will not be assessed and considered for the 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.

Innovation Fund Denmark only considers information provided in the application. Supplementary information submitted via other channels than the electronic application system, e.g. via email, will therefore not be considered in the assessment of 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.

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:* Which problem, need or desire does your audience have?
- *Solution:* What is the solution and how will it address the problem, need or desire? Include a short technical description of the solution.
- *Competition:* Which competing solutions exist and how is your idea innovative in comparison? How will you safeguard yourself/yourselves against others copying the solution?
- *Market:* What is the size, growth rates and potential of the market (national and international) and how have you examined whether there is a market for the idea or not?
- *Customers:* Which audience do you target (national and international) and what do potential customers, users and other stakeholders think about the idea?
- *Business model:* How is your idea profitable and scalable?
- *Status:* How far have you come in realising your idea and what are the greatest challenges to realising it – both in the short and long-term?
- *History:* When and how did this idea first emerge? Include a description of the applicant's role in the birth and the development of the idea.
- *Ambition:* Which development tasks are you facing that an InnoFounder course will help you carry out and where do you imagine to be upon completion of the course?
- *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?

3.4 Using e-grant

The application must be completed in the electronic application system on 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 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 innovative solutions, technology or knowledge?
- *Competition*: Is it clear how the business idea or execution 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 concrete 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 InnoFounder course 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?

5 Application process

The application is assessed by a panel of experts consisting of people with knowledge of entrepreneurship, employees at Innovation Fund Denmark and the fund's collaborator on the programme. On the basis of the application, the panel invites as many as the 40 best applicants – based on the assessment criteria – to pitch their business idea to the panel. The panel then recommends approx. 20 applicants per application round for admission to the programme.

Pitch dates are set on an ongoing basis and announced on www.innovationsfonden.dk/en. The dates are announced in good time. As the panel is able to meet for pitches only once for each application round, a precondition for admission to the programme is attendance on that particular day.

All applicants are expected to be notified of whether they are invited to do a pitch around one month after the deadline for applications. The decision will be announced in e-grant, and applicants will be notified hereof via email.

Applicants granted an InnoFounder course in the spring, are expected to commence on 1 September. Applicants granted an InnoFounder course in the fall, are expected to commence on 1 March.

6 The InnoFounder course

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

6.1 Duration and content

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

During the course you are entitled to the following:

Monthly grant

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

The monthly grant is paid out to an individual or a company. Monthly grants paid to an individual are reported to SKAT as taxable B income via your civil registration number. Monthly grants paid to a company are reported to SKAT via the company's registration number.

The monthly grant follows the individual InnoFounder. I.e. if the InnoFounder is part of a team of three InnoFounders, each InnoFounder will receive a monthly grant of DKK 15,000.

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 idea. 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.

The special grant will follow the individual InnoFounder. I.e. if the InnoFounder is part of a team of three InnoFounders, the team will have a total of 3 x DKK 35,000, corresponding to three individual grants combined.

Counselling

A series of workshop for all InnoFounders across the programme and individual counselling by an experienced mentor.

Place in a co-working space

A place in a co-working space in Aalborg, Aarhus, Sønderborg, Odense or Copenhagen.

6.2 Conditions of participation

As an InnoFounder you must work full-time on your business idea throughout the course. You can therefore not be enrolled in a full-time study programme or be in other full-time employment during the course.

However, you can have supplementary income of a maximum of DKK 5,000 per month before tax as long as this in no way compromises your work on your business idea. You 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 it.

A condition for admission to the programme is that you complete the course in Denmark and take an active part in the counselling conducted in Denmark.

Innovation Fund Denmark reserves the right to add a mid-way progress review. If your progress is not satisfactory, Innovation Fund Denmark reserves the right to terminate your course early.

6.3 Reporting

At the end of the course you are under obligation to file a financial report and produce a professional report on the course. This is a prerequisite for the final disbursement. The conditions will be evident from the letter of commitment.

7 Publication of information

Following applications to Innovation Fund Denmark, the fund can choose to publish the name of the applicant and the title of the application in a list on e.g. the fund's website. You must therefore make sure that the title of the application does not contain information that is considered business-sensitive.

You should also note that other parties may request access to submitted applications. If this happens, Innovation Fund Denmark will, together with you, make sure not to submit business-sensitive information or other information which under existing laws cannot be submitted.

In addition, Innovation Fund Denmark reserves the right to use application data in its ongoing evaluations and analyses, e.g. with a view to measuring the effect of the fund's investments.

8 State aid

Funding received through the InnoFounder 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>.

It implies, among other things, that the InnoFounder company is an unlisted small enterprise up to five years following its registration, which have not yet distributed profits (this does not include salary) and have not been formed through a merger. It also implies that the company is not “in difficulty” referring to The European Commission’s definition of when an undertaking is considered “in difficulty” in article 2, no. 18 of COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014. Therefore, if you are admitted to the program, you must signify that the company meets the requirements.

You should also 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.

9 Illness, maternity/paternity leave and violation

In case of protracted illness or maternity/paternity leave Innovation Fund Denmark or you as an InnoFounder can choose to discontinue the course temporarily. In such cases the course will be extended correspondingly, when you continue the course.

During a temporary discontinuation of the course due to illness or maternity/paternity leave you are not entitled to receive any form of benefit from Innovation Fund Denmark. You should therefore consult the rules on unemployment benefit to learn about the opportunity for receiving sickness benefit or maternity/paternity leave benefit.

If you violate your obligations during the course, Innovation Fund Denmark may choose to discontinue the course.

10 Contact

If you have questions about the programme in general or the application procedure in particular, please call the InnoFounder helpdesk at +45 33 69 33 69 (the phones are open from 9-12 on weekdays) or send an email to hello@innofounder.dk. You can find the answer to most questions in the present Guidelines or on the website at <https://innovationsfonden.dk/en/investment/innofounder>.

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

These guidelines are set out pursuant to Section 18 subsection 2 (1 of the Act on Innovation Fund Denmark no. 306 of March 29, 2014, amended in Act no. 384 of April 26, 2017 and Executive Order no. 1150 on awarding of grants etc. by Innovation Fund Denmark of October 25, 2017.